RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT

AUDAX RENOVABLES, S.A. AND INVESTEE COMPANIES

Annual Accounts and Directors' Report as at 31 December 2022

The members of the Board of Directors of Audax Renovables, S.A., in compliance with article 8 of the Royal Decree 1362/2007, confirm that to the best of their knowledge the individual annual accounts and the consolidated group's annual accounts for the year ended on 31 December 2022 and drawn up on the meeting on 23 February 2023 have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, and that the directors' report includes a fair review of the development and performance of the business and the position of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, duly signed by all directors.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro
Chairman

Mr Eduard Romeu Barceló
Member

Mr Josep Maria Echarri i Torres
Member

Mr Ramiro Martínez-Pardo del Valle
Member

Ms Anabel López Porta
Member

Ms Rosa González Sans
Member

Badalona, 23 February 2023

Auditor's Report on Audax Renovables, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Audax Renovables, S.A. and subsidiaries for the year ended 31 December 2022)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Audax Renovables, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Audax Renovables, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of non-current tangible assets, goodwill and other intangible assets See note 5 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022 the Group has capitalised non-current tangible assets, goodwill and other intangible assets totalling Euros 480,306 thousand. At each reporting date the Group estimates the recoverable amount of these assets. As the estimated recoverable amount exceeds the carrying amount, the Group did not recognise any impairment in 2022. These recoverable amounts are calculated by applying valuation techniques which require the exercising of judgement by the Directors in the use of estimates, The Group performs a sensitivity analysis of the possible changes that could be considered reasonable in the key assumptions used. Due to the high level of judgement, the uncertainty associated with these estimates and the significance of the carrying amount of the non-current assets, these have been considered relevant aspects of our audit.	Our audit procedures included the following: - Assessing the design and implementation of key controls related to the process of evaluating the impairment criteria and indicators used by the Directors and of the estimate of the recoverable amount of tangible assets, - Evaluating the methodology and reasonableness of the assumptions used by the Group to estimate the value in use using the discounted cash flow method at cash-generating unit (CGU) level, with the involvement of our valuation specialists, - Contrasting the consistency of each entity included in the valuation model with management's cash projections. We also contrasted the cash flow forecasts of the entities estimated in prior years with the actual cash flows obtained, - evaluating the sensitivity of the estimated recoverable amount to reasonably possible changes in the relevant assumptions and judgements, such as the discount rate, the expected future growth rate and future cash flows. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recognition of revenue from unbilled energy supplied See notes 10 and 19 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
Recognition of revenue from energy trading is a significant area due to its amount and because it is susceptible to material misstatement, particularly at the reporting date as regards the appropriate timing of recognition based on the commercial terms agreed with customers. At 31 December 2022 trade and other receivables include Euros 186,294 thousand in unbilled energy supplied, corresponding to the period from the last meter reading to year end. Unbilled energy supplied is estimated based on internal and external information, on the basis of historical consumption of customers. Revenue is calculated by multiplying the volume of estimated unbilled use by the tariff agreed for each customer, a process that is subject to a high degree of judgement, as a result of which, this has been considered a key audit matter.	Our audit procedures included the following: - analysis of the design and implementation of the key controls related to the calculation of the unbilled energy supplied, - retrospective analysis of the estimates made at previous years' closes, - assessment of the reasonableness of the volume of unbilled energy through an analysis of historical information and other internal and data, - assessment of whether the timing of the recognition is correct based on a selection of transactions after the reporting date. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Audax Renovables, S.A. and its subsidiaries for 2022 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Audax Renovables, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 24 February 2023.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 16 June 2022 for a period of one year, from the year ended 31 December 2022.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their general meeting of 13 July 2021, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

This report corresponds to stamp number 09/23/00218 issued by the Spanish Institute of Registered Auditors (ICJCE)

On the Spanish Official Register of Auditors ("ROAC") with No. 22472

AUDAX RENOVABLES, S.A
and SUBSIDIARIES

Consolidated Annual Accounts
as at 31 December 2022

CONTENTS OF CONSOLIDATED ANNUAL ACCOUNTS OF THE AUDAX RENOVABLES GROUP

Note	Description	Page
	Consolidated Balance Sheet	1
	Consolidated Income Statement	2
	Consolidated Statement of Comprehensive Income	3
	Consolidated Statement of Changes in Net Equity	4
	Consolidated Cash Flow Statement	5
1	General information	6
2	Bases of presentation, accounting policies and valuation standards	7
3	Regulatory framework	48
4	Segment reporting	54
5	Intangible assets	56
6	Property, plant and equipment	66
7	Investments as per equity accounting	68
8	Financial assets	70
9	Derivative financial instruments	71
10	Trade receivables, other receivables and other current assets	75
11	Cash and other cash equivalents	76
12	Net equity	76
13	Provisions	81
14	Financial liabilities	82
15	Subsidies	89
16	Trade payables, other payables and other current liabilities	90
17	Risk management	92
18	Tax situation	99
19	Income and expenses	102
20	Net financial income (expense)	104
21	Cash flows	105
22	Information on related party transactions	105
23	Information on members of the Board of Directors and Senior Management	109
24	Auditors' fees	111
25	Commitments and contingencies	111
26	Environment	112
27	Greenhouse gas emission rights	112
28	Subsequent events	112
	Appendix	113
	Directors' Report	117

Audax Renovables, S.A. and subsidiaries

Consolidated Balance Sheet

(EUR thousands)

Assets	**Note**	**31.12.22**	**31.12.21***
Goodwill	5	137,802	137,942
Other intangible assets	5	202,035	200,048
Property, plant and equipment	6	140,012	117,200
Investments as per equity accounting	7	13,035	10,047
Financial assets	8	89,281	101,814
Deferred tax assets	18	14,607	14,878
Total non-current assets		**596,772**	**581,929**
Inventory		9,946	5,077
Trade and other receivables	10	304,370	319,450
Current tax assets		4,086	1,744
Financial assets	8	129,465	119,516
Time period adjustments and other current assets	10	66,242	72,691
Cash and other cash equivalents	11	205,929	244,149
Total current assets		**720,038**	**762,627**
Total assets		**1,316,810**	**1,344,556**

Net Equity and Liabilities	**Note**	**31.12.22**	**31.12.21**
Capital		44,029	44,029
Share premium account		420,316	420,316
Reserves		(339,066)	(337,191)
Profit (loss) for the year attributable to the parent company		3,539	(1,720)
Translation differences		(8,210)	(2,587)
Other comprehensive income		1,821	9,557
Equity attributed to the parent company		**122,429**	**132,404**
Non-controlling interests		13,344	11,962
Total net equity	12	**135,773**	**144,366**
Provisions	13	1,340	1,524
Bonds and other negotiable securities	14	458,158	447,821
Financial liabilities to credit institutions	14	66,093	81,783
Lease liabilities	2 and 14	19,207	15,326
Derivative financial instruments	9	7,912	5,387
Other financial liabilities	14	34,505	731
Subsidies	15	4,241	4,606
Other non-current liabilities		38,630	58,006
Deferred tax liabilities	18	15,163	21,455
Total non-current liabilities		**645,249**	**636,639**
Provisions		4,745	3,303
Bonds and other negotiable securities	14	81,511	202,993
Financial liabilities to credit institutions	14	35,986	39,599
Lease liabilities	2 and 14	1,471	1,178
Derivative financial instruments	9	13,392	8,427
Other financial liabilities	14	14,859	49,698
Trade and other payables	16	241,136	172,624
Current tax liabilities		5,048	3,881
Other current liabilities	16	137,640	81,848
Total current liabilities		**535,788**	**563,551**
Total net equity and liabilities		**1,316,810**	**1,344,556**

The attached notes are an integral part of the consolidated annual accounts.

* Restated figures (Note 2.3)

Audax Renovables, S.A. and subsidiaries

Consolidated Income Statement

(EUR thousands)

	Note	31.12.22	31.12.21*
Ordinary income	19	2,625,893	1,678,564
Procurement	19	(2,489,166)	(1,561,229)
Other operating income		7,090	5,340
Wages and salaries	19	(30,056)	(27,732)
Other operating expenses	19	(62,097)	(47,931)
Amortisation and depreciation	5 and 6	(21,849)	(21,968)
Impairment and profit (loss) on disposal of fixed assets	5	2,478	(153)
Operating profit (loss)		**32,293**	**24,891**
Financial income		8,651	803
Financial expenses		(32,723)	(28,815)
Profit (loss) on disposal and change in value of financial instruments		(302)	1,704
Exchange differences		1,702	(147)
Financial profit (loss)	20	**(22,672)**	**(26,455)**
Profit (loss) of companies consolidated by equity accounting	7	2,953	(57)
Profit (loss) before tax from continuing operations		**12,574**	**(1,621)**
Income tax expense	18	(4,806)	(1,692)
Consolidated profit (loss) for the year		**7,768**	**(3,313)**
Profit (loss) attributable to the parent company		**3,539**	**(1,720)**
Profit (loss) attributable to non-controlling interests	**12**	**4,229**	**(1,593)**

	2022	2021
Profit (loss) per share		
Basic	0.008	(0.004)
Diluted	0.008	(0.004)

The attached notes are an integral part of the consolidated annual accounts.

* Restated figures (Note 2.3)

Audax Renovables, S.A. and subsidiaries

Consolidated Statement of Comprehensive Income

(EUR thousands)

	31.12.22	31.12.21*
Consolidated profit (loss) for the year	7,768	(3,313)
Other comprehensive income		
Items to be reclassified to profit and loss statement (net of tax)		
Cash flow hedges	(9,359)	13,362
Profit / (loss) from valuation	(6,122)	56,579
Transfers to the Income Statement	(3,237)	(43,217)
Translation differences of financial statements of businesses abroad	(5,623)	301
Other comprehensive income for the year, after tax	**(14,982)**	**13,663**
Total comprehensive income for the year	**(7,214)**	**10,350**
Total comprehensive income attributable to the parent company	(9,820)	8,218
Total comprehensive income attributable to non-controlling interests	2,606	2,132

The attached notes are an integral part of the consolidated annual accounts.

* Restated figures (Note 2.3)

Audax Renovables, S.A. and subsidiaries

Consolidated Statement of Changes in Net Equity

(EUR thousands)

In EUR	Capital	Share premium account	Reserves	Profit (loss) attributable to the Parent Company	Translation differences	Other Comprehen sive Income	Equity attributed to Parent Company	Non-controlling interests	Net equity
Balance at 01 January 2021	**44,029**	**420,316**	**(352,573)**	**26,385**	**(2,888)**	**(80)**	**135,189**	**7,818**	**143,007**
Recognised restated income and expenses (Note 2.3)	-	-	-	(1,720)	301	9,637	8,218	2,132	10,350
Dividends	-	-	(10,000)	-	-	-	(10,000)	(190)	(10,190)
Changes to the scope (Note 2)	-	-	-	-	-	-	-	2,202	2,202
Other movements	-	-	(1,003)	-	-	-	(1,003)	-	(1,003)
Reserves	-	-	26,385	(26,385)	-	-	-	-	-
Balance at 31 December 2021	**44,029**	**420,316**	**(337,191)**	**(1,720)**	**(2,587)**	**9,557**	**132,404**	**11,962**	**144,366**
Recognised income and expenses	-	-	-	3,539	(5,623)	(7,736)	(9,820)	2,606	(7,214)
Dividends	-	-	-	-	-	-	-	(1,224)	(1,224)
Changes to the scope (Note 2)	-	-	-	-	-	-	-	-	-
Other movements	-	-	(155)	-	-	-	(155)	-	(155)
Reserves	-	-	(1,720)	1,720	-	-	-	-	-
Balance at 31 December 2022	**44,029**	**420,316**	**(339,066)**	**3,539**	**(8,210)**	**1,821**	**122,429**	**13,344**	**135,773**

The attached notes are an integral part of the consolidated annual accounts.

Audax Renovables, S.A. and subsidiaries
Consolidated Cash Flow Statement
(EUR thousands)

	Note	2022	2021 Restated*
Cash flows from operating activities			
Profit (loss) for the year before tax	**Note**	**12,574**	**(1,621)**
Adjustments to results		**46,443**	**47,358**
Amortisation and depreciation	5	21,849	21,968
Valuation adjustments due to impairment	5	3,806	3,091
Changes in provisions		1,320	2,308
Allocation of subsidies		(251)	(257)
Profit (loss) on derecognition and disposal of fixed assets		-	153
Profit (loss) on derecognition and disposal of financial instruments		302	(1,704)
Financial income		(8,651)	(803)
Financial expenses		32,723	28,815
Exchange differences		(1,702)	147
Changes in fair value of financial instruments		-	(6,417)
Profit (loss) of companies consolidated by equity accounting		(2,953)	57
Changes in working capital		**109,953**	**(100,912)**
Inventory		(4,869)	(3,619)
Accounts receivable		(1,429)	(101,371)
Other current assets		8,990	(29,862)
Accounts payable		49,019	35,279
Other current liabilities		58,242	(10,226)
Other non-current assets and liabilities		-	8,887
Other cash flows from operating activities		**(17,724)**	**(18,870)**
Payments of interest		(18,046)	(19,546)
Collections of interest		7,255	676
Income tax payments		(6,933)	-
Other payments		-	-
Cash flows from operating activities		**151,246**	**(74,045)**
Cash flows from investment activities			
Payments of investments		**(86,258)**	**(151,679)**
Intangible assets	5	(17,781)	(9,441)
Property, plant and equipment	5	(28,896)	(29,707)
Group and associated companies	17	-	(40,214)
Other financial assets	7	(39,581)	(72,317)
Collection on divestments		**42,186**	**36,546**
Group and associated companies		(804)	-
Intangible assets	5	1,519	1,396
Property, plant and equipment	5	2,159	33
Other financial assets	7	39,312	35,117
Business unit		**61**	**57**
Cash flows from investment activities		**(44,011)**	**(115,076)**
Cash flows from financing activities			
Collections and payments for financial liability instruments		**(144,231)**	**75,334**
Issuance			
Bonds and other negotiable securities	13	242,555	376,768
Amounts owed to credit institutions	13	91,535	52,869
Payables to group companies and associates	17	44,900	47,698
Other debts		-	108
Repayment			
Bonds and other negotiable securities	13	(355,520)	(245,195)
Amounts owed to credit institutions	13	(110,483)	(67,040)
Payables to group companies and associates	17	(57,218)	(80,164)
Other debts		-	(9,710)
Payments of dividends and remuneration of other financial liabilities		**(1,224)**	**(10,297)**
Dividends		(1,224)	(10,297)
Cash flows from financing activities		**(145,455)**	**65,037**
Net increase/decrease in cash or equivalents		**(38,220)**	**(124,084)**
Cash and equivalents at the beginning of the year		244,149	368,233
Cash and equivalents at the end of the year		205,929	244,149

The notes 1 to 21 and the appendix are an integral part of the Consolidated Financial Statements as at 31 December 2022.

* Restated Figures (Note 2.3)

NOTE 1 – GENERAL INFORMATION

Audax Renovables, S.A., (hereinafter: the Parent Company, the Company or Audax Renovables) was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

In the present year the company changed its registered address to Calle Electrónica 19 in Badalona, Barcelona, Spain, from the previous one at Calle Temple 25 in Badalona, Barcelona, Spain.

It is mainly engaged in all types of activities related to the development of electricity generation from renewable sources, for which purpose it can set up, acquire and hold shares, bonds, interests and rights in companies whose corporate objects are the development, construction and exploitation of facilities for the generation of electricity from renewable energy sources.

Moreover, the Company's objects include energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing, as well as all the necessary additional activities.

Additionally, the Company may acquire, hold, administer and dispose of all types of titles, securities, financial assets, rights, interests or shares in individual or social enterprises, on its own behalf, excluding intermediaries, and under the applicable legislation on Stock Exchange and Collective Investment Institutions.

Audax Renovables, S.A. is a holding company, the parent of a Group of subsidiary companies, joint ventures and associated companies that are engaged in the generation of electricity from renewable sources and in energy and gas retailing and that make up the Audax Renovables Group (hereinafter: the Audax Renovables Group or the Group).

Moreover, the Audax Renovables Group is part of the Excelsior Group, whose parent company is Excelsior Times, S.L.U., with its registered address at Calle Electrónica 19, Badalona, Barcelona, Spain. The Excelsior Group’s consolidated annual accounts for the year 2021, formulated on 31 March 2022, have been submitted to the Commercial Register in Barcelona.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The annual accounts of Audax Renovables S.A. and the consolidated annual accounts of the Audax Renovables Group as at 31 December 2021 were approved by the General Meeting of Shareholders on 16 June 2022 and were submitted to the Commercial Register in Barcelona.

The consolidated annual accounts of the Group for the year 2022 were formulated by the Directors of the Parent Company on 23 February 2023 in the European Single Electronic Format in accordance with the requirements of the Commission Delegated Regulation (EU) 2019/815, and will be subject to approval at the General Meeting of Shareholders, and are expected to be approved without modification.

The figures presented in theses consolidated annual accounts are stated in thousand euros, except for the figures of profit per share, unless specifically noted otherwise.

NOTE 2 - BASES OF PRESENTATION, ACCOUNTING POLICIES AND VALUATION STANDARDS

2.1 Application of International Financial Reporting Standards adopted by the European Union (IFRS-EU)

The consolidated annual accounts of the Audax Renovables Group for the year 2022 have been drawn up by the Directors of the Parent Company in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), as per the Regulations (CE) nº 1606/2002 of the European Parliament and the Council. All the accounting principles and standards and the mandatory valuation criteria, along with the Commercial Code, the Spanish Companies Act, the Stock Exchange Market Law and any other applicable commercial legislation have also been taken into consideration. The Group adopted the IFRS-EU on 31 December 2016 and applied on that date the IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The consolidated annual accounts of the Audax Renovables Group have been drawn up on the basis of the financial statements of Audax Renovables, S.A. and of the companies belonging to the Group. Each company draws up its financial statements in compliance with the accounting principles of the country where it operates. The adjustments and reclassifications, which were necessary to harmonise the principles and criteria and put them in line with the IFRS-EU, have been carried out during the consolidation process. Furthermore, the accounting policies have been modified for the consolidated companies, when necessary, in order to ensure the consistency with the accounting policies adopted by the Audax Renovables Group.

The accounting policies applied for the preparation of the consolidated annual accounts coincide with those used and described in the Consolidated Annual Accounts for the year ended on 31 December 2021, except for the new IFRS-EU standards and interpretations applied from 1 January 2022.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company.

New IFRS-EU accounting standards and IFRIC interpretations

a) Standards, improvements and interpretations effective as at 1 January 2022

Upon their approval, publication and entry into force on 1 January 2022, the following standards, interpretations and amendments adopted by the European Union have been applied:

- IAS (amendment) "Provisions, Contingent Liabilities and Contingent Assets: Provisions for Onerous Contracts": Clarifies that the cost of fulfilling a contract comprises incremental costs of the fulfilment of the contract as well as allocation of other costs directly related to the fulfilment of the contract. Entry into force in the years beginning with 1 January 2022.

- IAS 16 (amendment) "Property, Plant and Equipment: Proceeds before intended use": Prohibits deducting sales proceeds from the cost of any item of property, plant and equipment while that asset is being made available for its intended use. Entry into force in the years beginning with 1 January 2022.

- Annual improvements 2018-2020 cycle: Several minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41. Entry into force in the years beginning with 1 January 2022.

- IFRS 3 (amendment) "References to the Conceptual Framework": Aligns the definitions of asset and liability in business combination with those given in the conceptual framework. Entry into force in the years beginning with 1 January 2022.

None of these standards, interpretations or amendments has been applied early. The application of these standards, interpretations and amendments has had no significant impact on these consolidated annual accounts.

b) Standards that will enter into force on 1 January 2023 and beyond

The following is a list of standards, amendments and interpretations that will enter into force for the fiscal years beginning after 1 January 2023 and later:

Standards adopted by the European Union

- IFRS 17 "Insurance Contracts": New standard to replace the IFRS 4. Entry into force in the years beginning with 1 January 2023.

- IAS 8 (amendment) "Definition of Accounting Estimates". New definition of accounting estimates. Entry into force in the years beginning with 1 January 2023.

- IAS 1 (amendment) "Disclosure of Accounting Policies". Explains the material criteria for disclosing accounting policies. Entry into force in the years beginning with 1 January 2023.

Standards issued by the IASB and not yet adopted by the European Union

- IAS 1 Presentation of Financial Statements (amendment): Classification of liabilities as current or non-current. Entry into force in the years beginning with 1 January 2023.

- IAS 12 (amendment) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction": Reduces the exemption from initial recognition of deferred tax assets and liabilities arising from certain single transactions. Entry into force in the years beginning with 1 January 2023.

- IFRS 17 (amendment) "First Application of IFRS 17 and IFRS 9, Comparison of the Information": Transition option related to the comparative information on financial assets presented in the first application of IFRS 17. Entry into force in the years beginning with 1 January 2023.

None of these standards or amendments has been applied early. The application of these amendments is not expected to have significant effect.

2.2 Fair view, accounting principles and going concern

The consolidated annual accounts present fairly the consolidated net equity and the consolidated financial position of the Audax Renovables Group at 31 December 2022, and the consolidated results of its operations, the changes in the statement of comprehensive income, changes in consolidated net equity and consolidated cash flows that have taken place in the Audax Renovables Group in the year then ended.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company, Audax Renovables, S.A.

2.3 Bases of preparation and comparison of the information

The Consolidated annual accounts have been prepared according to the principle of historical cost, with the following exception of derivative financial instruments, financial assets at fair value with changes in comprehensive income and financial assets at fair value with changes in other comprehensive income.

The consolidated annual accounts present, for comparative purposes, with each heading of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net equity, the consolidated statement of cash flows, and of the notes to the consolidated annual accounts, together with the figures for the year 2022, the figures for the previous year, which were included in consolidated annual accounts for the year 2021 and which differ from those approved by the General Meeting of Shareholders of 16 June 2022 for the reasons specified below.

On 15 September 2021 the Royal Decree-Law 17/2021 was approved introducing urgent measures to mitigate the impact of the increase of the price of natural gas on the retail market of gas and electricity. Among other aspects, the Royal Decree provided that energy retailers should apply to the customers certain discounts related to the charges of the electric system, which were registered correctly by the Group, together with a reduction of the "Period adjustments and other current assets" and "Ordinary income" accounts of the consolidated financial statements for 2021 by the amount of EUR 6,078 thousand.

However, according to the Royal Decree mentioned above, the effect for the Group should be neutral, because the distribution companies were required to apply the same discounts to the amounts they charged the Group.

At the date of formulating the consolidated annual accounts for the year 2021 the Group did not identify any discounts applied to the amounts payable to the distribution companies since the implementation of the Royal Decree 17/2021. Therefore, the Group decided to record an account receivable from Public Administrations under "Other receivables from Public Administration" and an income under "Net turnover" in the total amount of EUR 6,078 thousand, considering that there was a receivable on the grounds of the discounts applied to the consumers.

Nevertheless, over the year 2022 it was discovered that the distribution companies actually did apply those discounts to their invoiced amounts, as a reduced expense in the amount of EUR 6,078 thousand under the "Procurement" account of the consolidated income statement of the consolidated annual accounts for the year 2021.

The Group proceeded to correct the error in the comparative figures for 2021 in the current consolidated annual accounts. The net impact on the net income was of EUR 4,558 thousand of lower income attributable to the parent company after discounting the relevant tax effect.

2.4 Relative importance

So as to determine the information that needs to be broken down in the consolidated notes for each of the different accounting items, the Group has considered its relative importance in relation to the current consolidated annual accounts for the year 2022 and 2021.

2.5 Consolidation principles and standards

a) Consolidation methods

The consolidated companies are listed in the Appendix I to these consolidated annual accounts. In its consolidation the Group has applied the full consolidation method to the subsidiary companies and the equity method to its associates and joint ventures.

Full consolidation method Subsidiary Companies

Subsidiary companies are consolidated beginning on the date of the transfer of control, and are excluded from consolidation on the date from which the control is no longer exercised. Audax is considered to exercise control over an entity when it has direct or indirect power over the subsidiary, is exposed to its variable income, or has the rights which allow it to manage important activities of the subsidiary.

The subsidiary companies have been fully consolidated, and all their assets, liabilities, income, expenses and cash flows have been integrated in the consolidated annual accounts after making the respective adjustments and de-recognitions for intra-group operations. The Appendix I sets out the list of companies consolidated by this method.

The consolidation process eliminates the transactions, balances and unrealised gains between Group companies. The unrealised losses are eliminated, unless the transactions provide proof of an impairment loss of the asset transferred.

The acquisition method is used to book the acquisition of subsidiaries. The cost of acquisition is the fair value of the assets handed over, the net equity instruments issued and the liabilities incurred or assumed on the swap date. Any contingent consideration to be transferred by the Group is recognised at its fair value at the acquisition date. Subsequent variations to the fair value of contingent consideration which are considered to be an asset or liability are recognised in accordance with IFRS 9 in net income or as a change in other global net income. Any contingent consideration which is classified as net equity is not revalued and its subsequent payment is booked in net equity. The costs directly attributable to the acquisition are booked directly in the income statement.

The results of subsidiary companies acquired or sold during the year are integrated into consolidated profit or loss, respectively, from and to the effective date of the transaction.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value at the acquisition date. For each business combination, the Group may opt to recognise any non-controlling interest in the acquired company at its fair value or at the proportional part of the recognised amounts of the subsidiary's identifiable net assets corresponding to the non-controlling interest.

The participation of third parties in net equity and the net income of the group companies is presented under "Non-controlling interest" on the consolidated balance sheet and under "Net income attributable to non-controlling interest" in the consolidated income statement. In the case of acquisition of minority interests, the overprice paid in relation to the net book value is recognised directly in net equity.

Transactions with non-controlling interests which do not result in a loss of control are recognised as net equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between the fair value of the amount paid and the corresponding acquired proportion of the book value of the subsidiary's net assets is recorded in net equity. Gains or losses from disposals of non-controlling interests are also recorded in net equity.

In order to account for an acquisition of assets which does not meet the definition of a business combination under IFRS 3, an analysis is carried out for the purpose of finding out whether the integrated set of acquired activities and assets constitutes a business. In order to be considered as such, it is necessary that it should contain at least one input and one substantial process which, together, contribute significantly to the capacity of manufacturing goods.

Equity accounting method Associated companies

The equity accounting method has been used to consolidate the associates, i.e. the companies over which the Group has significant influence.

A significant influence is understood to exist when the Group has a stake in the associate and can intervene in the decisions regarding the associate's financial and operating policies but does not exercise control or joint control. Generally, it occurs when the stake held is between 20% and 50% of the voting rights.

Investments in associates are recorded using equity accounting method. The share in the gains or losses after the acquisition of an associate is recognised in the consolidated income statement and the share in the net equity movements after acquisition is recognised in reserves.

If the stake in an associate is reduced but the Company continues to have a significant influence on its management, only the stake in proportion to the amounts previously recognised in other global net income are reclassified to net income when this is appropriate.

Dilution gains and losses generated in investments in associates are recognised in the consolidated income statement.

An investor will stop applying the equity accounting method from the date on which it stops having a significant influence on an associate's management. If a significant influence on the associate's management is lost, the investor will value the investment which it holds in the former associate at fair value.

b) Changes in the consolidation scope and business combinations

The Appendix I includes the companies in which Audax Renovables, S.A. has a direct or indirect shareholding, and which have been included in the consolidation scope as at 31 December 2022 and 2021.

Below there is a specification of the main transactions carried out which involved significant changes in the consolidation scope:

Transactions in the year 2022

Sale of Non-controlling interests.

On 21 July 2022 the sale of 49% of shares of the companies Botey Solar, S.L., Centauro Energia Solar S.L., Corinto Solar, S.L., Corot Energía, S.L., Da Vinci Energia S.L., Elogia Calañas, S.L. and las Piedras Solar, S.L. was carried out for the amount of EUR 8,800 thousand to Devo Prime, S.L.U., a company related to the investment fund IKAV. Moreover, in the context of this transaction, the company Arianna Solar, S.L. was set up, in which Audax Renovables holds 51% of shares.

Moreover, the same investment fund provides long-term financing to these companies in the amount of EUR 29,900 thousand (Note 22).

All these companies are involved in operating a set of photovoltaic plants of installed capacity of 69.5 MWp.

Under the agreement of 15 June 2022 on the sale of 49% of shares of the companies mentioned above, a purchase option was granted to the Group concerning the shares held by IKAV.

In this context, the Management of the Group carried out an analysis of the accounting impact connected to said purchase option and, in consequence of the terms of the agreement, considered that the amount associated with the shares held by IKAV should be registered as a financial liability and not as non-controlling interest in the consolidated annual accounts.

Therefore, the direct recording of this transaction did not have any impact on the income statement or on the net equity.

Purchase of photovoltaic projects

On 15 March 2022 Audax Renovables acquired 100% of shares of the company Ulises Power, S.L. for the total amount of EUR 484 thousand from third company Idena Solar, S.L. The main object of the acquired company involves development, construction and operation of various photovoltaic power generation projects.

On 22 December 2022 Audax Renovables entered into an agreement with the company Idena Solar, S.L. for the purchase of 100% of shares of the companies Zeus Power, S.L., Hera Power, S.L, Juno Power, S.L, Diana Power, S.L. and Atlas Power S.L. The main object of all the acquired companies involves development and operation of photovoltaic power stations.

The Group considers that this transaction does not meet the requirements of IFRS 3 to be classified as a business combination, because the set of integrated assets did not constitute a business, as it did not include a substantial process and input which, together, would contribute to its ability to manufacture goods, with no organised workforce and without having generated income at the date of acquisition, because at that moment they were at the stage of development.

The joint price (fair value) of these transactions amounted to EUR 4,653 thousand, including a set of loans in the amount of EUR 2,170 thousand, which had been previously recorded under liabilities in the balance sheet of the acquired companies.

The acquisition of these companies generated cash flows from payments of investments in group companies amounting to EUR 3,653 thousand.

The breakdown of the assets and liabilities which were incorporated at fair value at the date of their incorporation to the group was as follows:

	Zeus Power, S.L.	Hera Power, S.L.	Juno Power, S.L.	Diana Power, S.L.	Atlas Power, S.L.	TOTAL
Intangible assets	522	513	380	410	380	2,205
Tangible assets	657	669	397	372	346	2,441
Other assets	33	36	16	11	25	121
Total assets	1,212	1,218	793	793	751	4,767
Other net liabilities	561	585	401	363	373	2,283
Total liabilities	561	585	401	363	373	2,283
Total acquired net assets	**651**	**633**	**392**	**430**	**378**	**2,484**
Total carrying amount	**128**	**120**	**12**	**20**	**(1)**	**279**

The price paid was assigned to various assets and liabilities of the acquired companies, depending on their relative fair value and on the power in MW of each of the plants, and the difference between the fair value and the price paid was registered as an intangible. This intangible resulted from the valuation of the different milestones completed in each power station during its development phase at the moment of the acquisition. This intangible is amortised depending on the useful life of the plant and starts when the plant is put into operation, and is registered in the account of rights, licences and similar.

Other transactions

On 15 March 2022 Solar Buaya Inversiones S.L.U. set up the company SET Carmona 400KV Renovables, S.L. together with third partners, where it holds 8.20% of shares for the amount of EUR 820. The main object of the new company involves development, construction and operation of various photovoltaic projects.

In March 2022 the name of the company Alset Comercializadora,S.L. was changed into Comercializadora ADI España, S.L.

On 26 April 2022 Audax Renovables set up the company ADX Sonne, S.L. for the amount of EUR 3 thousand. The main object of the new company involves development, construction and operation of various photovoltaic projects.

In September 2022 Unielectrica Energía S.A. set up the company ADX Renovables, S.A. for the amount of EUR 3 thousand. The main object of the new company will involve electricity and natural gas retail in Spain.

On 22 December 2022 Audax Renovables carried out the sale of 100% of shares of Astendong, S.L. for the amount of EUR 15 thousand, with no significant impact as a consequence of the transaction.

Transactions in the year 2021

Purchase of photovoltaic projects

a) In the year 2021 the Group entered into an agreement with the company Rocío Servicios Fotovoltaicos S.L.U. (formerly Audax Fotovoltaica, S.L.U.) and Audax Green S.L.U. (companies belonging to the Excelsior Group) for the purchase of shares of the following companies:

Company name	Country of residence	Transaction date	% acquired
Audax Solar SPV XXVII, S.L.	Spain	28/5/2021	50.00%
Audax Solar SPV XXVIII, S.L.	Spain	28/05/2021	50.00%
Audax Solar SPV XXIX, S.L.	Spain	28/05/2021	50.00%
Audax Solar SPV XXX, S.L.	Spain	28/05/2021	50.00%
Audax Solar SPV XXXI, S.L.	Spain	28/05/2021	50.00%
Audax Solar SPV XV, S.L.	Spain	28/05/2021	60.00%
Merfonda Solar, S.L.	Spain	28/05/2021	100.00%
Sarda Solar, S.L.	Spain	28/05/2021	100.00%
Audax Solar SPV XXIV, S.L.U.	Spain	28/05/2021	100.00%
Audax Solar SPV XXV, S.L.U.	Spain	28/05/2021	100.00%
Green Show, L.D.A.	Portugal	28/5/2021	100.00%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Portugal	28/05/2021	100.00%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Portugal	28/05/2021	100.00%
Clever Road, L.D.A.	Portugal	28/05/2021	100.00%
Audax Solar SPV Italia 1, S.R.L.	Italy	11/6/2021	100.00%
Audax Solar SPV Italia 2, S.R.L.	Italy	11/06/2021	100.00%
Audax Solar SPV Italia 3, S.R.L.	Italy	11/06/2021	100.00%
Audax Solar SPV Italia 4, S.R.L.	Italy	11/06/2021	100.00%
Audax Solar SPV Italia 5, S.R.L.	Italy	11/06/2021	100.00%
Audax Solar SPV Italia 6, S.R.L.	Italy	11/06/2021	100.00%

With regard to the above-mentioned transactions, after carrying out an analysis, the Group considered that these transactions did not meet the requirements of IFRS 3 to be classified as a business combination, because the set of integrated assets did not constitute a business, as it did not include a substantial process and input which, together, would contribute to its ability to manufacture goods, with no organised workforce and without having generated income at the date of acquisition, because at that moment they were at the stage of development.

The total purchase price (fair value) of these transactions amounted to EUR 43,011 thousand and was endorsed by an independent expert through a report at the request of the governing bodies and their delegated committees, as it was a case of related party transaction. The main object of all the acquired companies involves development and operation of photovoltaic power stations.

The acquisition of companies from Rocío Servicios Fotovoltaicos S.L.U. generated cash flows from payments of investments in group companies amounting to EUR 40,214 thousand.

This transaction corresponded to the second phase of the transaction of acquisition of a set of companies from Rocío Servicios Fotovoltaicos S.L.U., the first phase of which was carried out in 2020 with the purchase of 4 companies for the amount of EUR 66,225 thousand. In this regard, on 15 December 2020, Ernst & Young Servicios Corporativos S.L. as an independent expert issued a Fairness Opinion on the portfolio of solar projects including the two phases of the transaction. The report was issued as a usual instance of this kind of valuation works. The group adopted the same values as the ones issued by the expert for the acquisition of theses assets.

The independent expert used the following valuation methods for the purpose of valuation of the projects:

1) The main valuation method: Income Approach - Discounted Free Cash Flow (DFCL).

2) Comparable method: Market approach - GTCM o comparable transactions.

The following main key assumptions were used:

- 35 years of useful life As a consequence of the technological improvements introduced in recent years, the useful life of the projects has been prolonged to 35 years.
- Discounted cash flows at 35 years adjusting the value at the Transaction Date (CoD) according to the stage of administrative procedures of each project.
- Discount rates from 4.6% in Spain, 4.8% in Portugal and from 5.3% to 6.4% in Italy.

All the assumptions were considered to be market assumptions for the kind of projects analysed, at the time of carrying out the analysis.

Since the transaction referred to was considered to be a related party transaction, on 17 December 2020 the Audit Committee of Audax met for the purpose of, among others, analysing and examining said independent valuation report issued by Ernst&Young regarding the fair value of the portfolio of projects - the subject of the transaction. After considering and analysing the report, the members of the Audit Committee of Audax, all of them being independent directors, resolved unanimously to issue the relevant favourable opinion for the transaction to be carried out and relayed the opinion to the Board of Directors of Audax on the same day.

The Board of Directors of Audax, in view of the favourable opinion expressed by the Audit Committee and the valuation report issued by the independent expert, analysed and approved unanimously on 17 December 2020 the transaction to be carried out.

The companies Audax Solar SPV XV, S.L., Merfonda Solar, S.L., Sarda Solar, S.L., Audax Solar SPV XXIV, S.L.U., Audax Solar SPV XXV, S.L.U., ADX Fotovoltaico - Solar Da Luz, L.D.A, ADX Fotovoltaico - Solar Do Ceu, L.D.A, Clever Road, L.D.A., Green Show, L.D.A., Audax Solar SPV Italia 1, S.R.L., Audax Solar SPV Italia 2, S.R.L., Audax Solar SPV Italia 3, S.R.L., Audax Solar SPV Italia 4, S.R.L., Audax Solar SPV Italia 5, S.R.L. and Audax Solar SPV Italia 6, S.R.L. were consolidated by the full consolidation method. The breakdown of the assets and liabilities incorporated at fair value at the date of their incorporation to the Group was as follows:

	AUDAX SOLAR SPV XV, SLU	AUDAX SOLAR SPV XXIV, SLU	AUDAX SOLAR SPV XXV, SLU	GREEN SHOW, LDA	CLEVER ROAD, LDA	AUDAX SOLAR SPV ITALIA 1, SRL	AUDAX SOLAR SPV ITALIA 2, SRL	AUDAX SOLAR SPV ITALIA 3, SRL	AUDAX SOLAR SPV ITALIA 4, SRL	AUDAX SOLAR SPV ITALIA 5, SRL	AUDAX SOLAR SPV ITALIA 6, SRL	Total
Intangible assets	5,477	2,752	1,833	4,101	17,237	4,462	110	6	-	132	833	36,943
Tangible assets	340	149	100	964	768	1,211	80	192	220	200	433	4,658
Other assets	61	30	20	26	4	13	23	49	74	47	98	445
Total assets	5,878	2,931	1,953	5,091	18,009	5,686	213	247	294	379	1,364	42,046
Non-controlling interests	2,194	-	-	-	-	-	-	-	-	-	-	2,194
Other net liabilities	420	177	118	1,039	792	31	50	51	51	1	3	2,733
Total liabilities	2,614	177	118	1,039	792	31	50	51	51	1	3	4,927
Total acquired net assets	**3,264**	**2,754**	**1,835**	**4,052**	**17,217**	**5,655**	**163**	**196**	**243**	**378**	**1,361**	**37,119**
Total carrying amount	**8**	**2**	**2**	**(51)**	**(19)**	**1,117**	**57**	**193**	**326**	**247**	**530**	**2,412**

The companies Merfonda Solar S.L. and Sarda Solar, S.L. are subsidiary companies of Audax Solvar SPV XV, S.L. Likewise, the companies ADX Fotovoltaico - Solar Da Luz, L.D.A and ADX Fotovoltaico – Solar Do Ceu, L.D.A, were subsidiary companies of Green Show, L.D.A. The data of these companies were integrated in their parent company.

The price paid was assigned to various assets and liabilities of the acquired companies, depending on their relative fair value, and the difference between the fair value and the price paid was registered as an intangible. This intangible resulted from the valuation of the different milestones completed in each power station during its development phase at the moment of the acquisition. This intangible is amortised depending on the useful life of the plant and starts when the plant is put into operation, and is registered in the account of rights, licences and similar.

The value of the companies differed depending on the power in MW of each plant and the stage of its processing (milestones completed at the date of the acquisition).

Moreover, at the date of the acquisition a total of loans amounting to EUR 2,468 thousand was assumed, as it had been recorded under liabilities in the balance sheet of the acquired companies.

On the other hand, the companies Audax Solar SPV XXVII, S.L., Audax Solar SPV XXVIII, S.L., Audax Solar SPV XXIX, S.L., Audax Solar SPV XXX, S.L., Audax Solar SPV XXXI, S.L. were integrated in the financial statements by the equity method, bringing about an increase of EUR 3,301 thousand in investments as per equity accounting, considering that the Group did not have control over these companies, but it did have significant influence. With regard to these companies a total of loans amounting to EUR 124 thousand was likewise assumed.

b) On 18 January 2021 Audax Renovables acquired 100% of shares of the companies Centauro Energía Solar, S.L., Tohora Solar inversiones, S.L. and Tarakona Solar inversiones, S.L. for the total amount of EUR 2,483 thousand from non-related companies Idena Solar, S.L. and Energy Pool España, S.L. The main object of the acquired companies involves development, construction and operation of various photovoltaic power generation projects.

As a consequence, the breakdown of the assets and liabilities which were incorporated at fair value at the date of their incorporation to the group was as follows:

	CENTAURO ENERGIA SOLAR, SL	TOHORA SOLAR INVERSIONES, SL	TARAKONA SOLAR INVERSIONES, SL	Total
Intangible assets	737	978	693	2,408
Tangible assets	446	8	8	462
Other assets	92	-	-	92
Total assets	1,275	986	701	2,962
Other net liabilities	467	6	6	479
Total liabilities	467	6	6	479
Total acquired net assets	**808**	**980**	**695**	**2,483**
Total carrying amount	**71**	**2**	**2**	**75**

With regard to the above-mentioned transactions, after carrying out an analysis, the Group considered that these transactions did not meet the requirements of IFRS 3 to be classified as a business combination, because the set of integrated assets did not constitute a business, as it did not include a substantial process and input which, together, would contribute to its ability to manufacture goods, with no organised workforce and without having generated income at the date of acquisition, because at that moment they were at the stage of development.

The price paid was assigned to various assets and liabilities of the acquired companies, depending on their relative fair value, and the difference between the fair value and the price paid was registered as an intangible. This intangible resulted from the valuation of the different milestones completed in each power station during its development phase at the moment of the acquisition. This intangible is amortised depending on the useful life of the plant and starts when the plant is put into operation, and is registered in the account of rights, licences and similar.

The value of the companies differed depending on the power in MW of each plant and the stage of its processing (milestones completed at the date of the acquisition).

c) Moreover, on 16 December 2021 the Group acquired 100% of shares of the company Zurván Gestión de Proyectos, S.L. from a group of non-related natural persons and legal entities. The total price of this transaction amounted to EUR 1,848 thousand. The acquired company owned the photovoltaic projects Zaratán I and II of 12.36 MWp of total installed capacity in the municipality of Ciguñuela (Valladolid), which already had obtained all the administrative permits to begin their construction.

Likewise, this transaction was not considered as a business combination by the Group, for the same reasons which were taken into consideration in the case the two previously mentioned transaction.

Moreover, in July 2021 the Group acquired the companies Astendong, S.L., and Coral Perkings S.L.for a total amount of EUR 6 thousand, both companies being involved in the development of solar power stations.

d) Moreover, on 18 January 2021 Audax Renovables S.A. acquired from non-related parties non-controlling interest of 25% of the company Alset Comercializadora, S.L. The transaction did not have any significant impact on the current financial statements.

In the second half of the year 2021, the Group founded in Hungary the company Audax Gas Trading, KFT, whose main object involved the retailing of natural gas in that country. This transaction did not carry any significant impact to the current financial statements.

The Appendix I featured a list of the companies in which Audax Renovables, S.A. had a direct or indirect shareholding, and which were included in the consolidation scope as at 30 December 2021.

c) Homogenisation of the accounts of the companies in the consolidation scope.

The criteria applied in the homogenisation have been as follows:

- Temporary homogenisation: the accounts of the companies in the consolidation scope are referred to 31 December 31 December 2022 and 2021.

- Measurement homogenisation: the measurement criteria applied by the subsidiary companies to the assets, liabilities, income and expenses coincide basically with the criteria applied by the Parent Company.

- Homogenisation for internal transactions.

- Aggregation homogenisation: for consolidation purposes, the necessary reclassifications have been made to adapt the structures of the subsidiary companies accounts to that of the Parent Company and to IFRS-EU.

2.6 Transactions in foreign currency

The items included in the consolidated annual accounts of each entity in the Audax Renovables Group are stated using the currency of the main economic environment in which the entity operates (functional currency). The consolidated annual accounts are presented in thousand euros, which is the presentation currency of the Audax Renovables Group.

The transactions in foreign currency are translated into the functional currency using the exchange rates in force on the transaction dates. The gains and losses in foreign currency from the settlement of these transactions and the translation to year end exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement.

The net income and financial position of all the companies in the Audax Renovables Group (none of which are trading in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities of each balance sheet presented are translated at the exchange rate in force at the balance sheet date.

- The income and expenses of each income statement are translated at monthly average exchange rates, unless this measure does not reasonably reflect the accumulated impact of the exchange rates on the transaction dates, in which case the income and expenses are translated at the date of the transactions.

- All the exchange differences are recognised as separate components in net equity (translation differences). Likewise, the net equity (translation differences) comprise the exchange differences arising from monetary accounts which pertain to the net investment in a foreign business.

The adjustments to goodwill and fair value arising from the acquisition of a foreign entity are treated as the assets and liabilities of the foreign entity and translated at the year-end exchange rate.

The exchange rates against the euro of the main currencies of the companies in the Audax Renovables Group as at 31 December 2022 and 2021 were as follows:

	31 December 2022		31 December 2021	
	Closing rate	Average rate	Closing rate	Average rate
US dollar	1.0660	1.0563	1.1326	1.1851
Hungarian forint	400.87	391.27	369.19	359.01
Polish zloty	4.6808	4.6799	4.5969	4.5711

2.7 Segment reporting

The Group discloses financial information by segments in accordance with IFRS 8, identifying its operating segments on the basis of their important economic indicators and features, which are regularly reviewed and evaluated in the process of decision making. The conclusions are used in the areas of allocation of resources and evaluation of performance in each operating segment.

Although the results of the generation and retail, as well as their economic features, could be different, the fact that the Group follows its strategy of vertical integration of both business lines by, for example, developing its own generation facilities, as well as protecting the prices through power supply agreements, justifies that, at the operating segment level, both business lines are joined.

Therefore, the Group presents the information divided into geographical segments, and each of them constitutes a different business with its own organisational structure in order to evaluate its level of goal achievement.

The main geographical segments of the Audax Renovables Group are the following:

- Spain and Portugal
- Rest of World: namely Italy, Poland, Germany, the Netherlands, France, Panama and Hungary.

2.8 Intangible assets

The assets included in intangible assets are measured at cost, which may be the acquisition price or the production cost, less the relevant accumulated amortisation (calculated based on its useful life) and possible impairment losses, if applicable.

The depreciable amount of an intangible asset of limited useful life is distributed on a regular basis throughout its useful life. The amortisation charge of each period is recognised in the profit or loss for the year.

a) Goodwill

Goodwill represents the surplus, on the acquisition date, of the costs of the business combination over the fair value of the share in the net identifiable assets of the acquired company. The goodwill related to the acquisitions of subsidiaries is included under intangible assets and that related to acquisitions of associates is included under investments consolidated by equity accounting.

The goodwill is only recognised when it was acquired against payment and corresponds to the future economic profits arising from the assets which could not be identified individually and recognised separately.

Prior to the entry into force of the International Financial Reporting Standards, and as per IFRS 1, goodwill arising from the acquisitions before 1 January 2004 was recorded in the amount recognised as such in the consolidated annual accounts at 31 December 2003 prepared under Spanish accounting principles.

Any goodwill coming from the acquisition of a company whose functional currency is not the Euro, will be valued in that distinct currency. The Euro conversion will take place on the balance sheet date.
Apart from investigating the existence of any impairment sign, the goodwill and intangible assets are examined at least annually for the purpose of discovering any loss due to impairment.

In order to analyse its recoverability, the goodwill is assigned to those cash-generating units (or groups of cash-generating units) which are benefited by the synergies of the business combination.

b) Computer software

Computer software purchased and developed by the company itself, including the cost of the development of websites, is recognised correspondingly to the fulfilment of the conditions established for the development expenses. These costs are amortised by straight-line amortisation during its estimated useful life (between 3 and 4 years).

The Group reviews the residual value, the useful life and the depreciation method of the intangible assets at the end of each year. The changes to the initially established criteria are recognised as a change in the accounting estimate.

The expenses related to the maintenance of computer software are recognised as cost when incurred. Cost related directly to the production of unique and identifiable software controlled by the Company, and when it is probable that it will generate economic profit exceeding the cost during more than one year, is recognised as intangible asset. Direct costs include staff costs of software developers and a suitable percentage of general costs.

c) Trademarks and Client portfolio

Client portfolio corresponds primarily to the ones acquired through business combination in the year 2017 of the company Audax Netherlands B.V. and the company Eryx Investments 2017, S.L. (Unieléctrica Group) during the year 2018. Moreover, in 2020 a client portfolio was acquired through the business combination of Audax Hungría.

For the purpose of valuation of customer relations, the earnings method (MEEM) was used. The value of the assets is estimated by the sum of future "excess earnings" discounted at present value, less charges for contributory assets.

The client portfolios are amortised by the straight-line amortisation method during their useful life which is estimated to be between 2 and 12 years and is determined according to the drop ratio based on historical data.

Trademarks are the ones acquired through business combinations referred to in the previous paragraph. Some trademarks were considered, by the independent expert who carried out its measurement at fair value, to have indefinite useful life, as there is no estimable limit to the period in which the asset will generate cash inflows, whereas others are amortised depending on their estimated useful life, mainly between 2 and 10 years.

d) Right-of-use assets

Right-of-use assets are recognised on the lease commencement date.

The cost of the right-of-use asset includes the amount of the measurement at recognition of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease, and the estimated cost to be incurred in dismantling and restoring the asset.

After the initial recognition, the right-of-use asset is measured at cost less accumulated amortisation and impairment loss. The amortisation of the right-of-use asset begins on the lease commencement date and is carried out over the useful life of the underlying asset or the lease term if the latter is shorter. If the ownership is transferred to the lessee or when it is quite certain that the lessee will exercise the purchase option, the amortisation is recorded over the useful life of the asset.

Asset recognition exemption was applied to the leases where the underlying asset is of low value (less than EUR 4,000) or its lease term at the date of the lease contract is 12 months or less). In these cases the lease payments are recognised as operating expenses applying the straight-line method over the lease term.

e) Other intangible assets and licences

Intangible assets are recorded at acquisition cost, or at fair value when they are acquired through business combinations, less accumulated amortisation initiated when the asset is available to be used and less any impairment when it occurs.

These assets arise mainly from measuring at fair value, in business combinations or company acquisitions, certain milestones in the development and implementation of, for example, renewable energy generation plants, such as the finding of ideal sites for the farm, applications for access points and grid connection, land lease agreements, obtaining permits and authorisations granted by official bodies, etc. They also include own work capitalised (basically staff costs) under intangible assets when the requirements of IAS 38 are met. These intangible assets are amortised on a straight-line basis over the farm’s useful life, which begins when the assets are put into operation, and that is when the dismantling or restoring costs, if applicable, begin to be registered.

The net book value of the intangible assets is tested for possible impairment before their amortisation begins and if changes or events indicate that their net book value cannot be recovered.

2.9 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or cost of production minus their accumulated depreciation and accumulated recognised impairment losses. This account also includes own work capitalised (basically staff costs) for property, plant and equipment when the requirements of its recognition are met. The provisions for dismantling, under contract, which are recorded upon start-up at their current value as property, plant and equipment (with a counter-entry under provisions), form part of the cost and are depreciated over the useful life of the wind farm.

The assets related to dismantling or land rehabilitation are registered upon start-up of the power generation plant, which is also when the depreciation begins.

The net financial expenses, and other expenses directly attributable to property, plant and equipment, are included in the acquisition cost until they are brought into use.

The costs of extension, modernisation or improvement of property, plant and equipment are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

The costs of major repairs are capitalised and depreciated over their estimated useful lives while recurrent maintenance expenses are taken to income statement during the year in which they are incurred.

The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated on a straight-line basis according to their estimated useful lives, taking into account ordinary wear and tear. The estimated useful lives are as follows:

	Depreciation method	**Years of estimated useful life**
Structures	Straight-line	33 – 50
Plant and machinery	Straight-line	8 – 35
Other plants, facilities and equipment	Straight-line	5 – 20
Other property, plant and equipment	Straight-line	4 – 14

The residual value and useful life of assets are reviewed, and adjusted if needed, at each consolidated balance sheet date.

When the book value of an asset is greater than its estimated recoverable value, it is immediately written down to the recoverable value.

The profit and loss on the sale of property, plant and equipment is calculated by comparing the income obtained from the sale against book value and then taken to the income statement.

2.10 Impairment losses on non-financial assets

The Group analyses, at least at the closing date of each year, the value of its non-current assets in order to determine whether there is any indication of a loss due to impairment of these assets. If there is any such indication, then the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if necessary.

Moreover, regardless of whether there are any indications of impairment, the Group examines at least once a year the possible impairment that could affect the goodwill and the intangible assets of indefinite useful life, as well as intangible assets that are not yet available for use.

For the purpose of assessing impairment, the assets are grouped on the lowest level for which it is possible to identify independent cash flows.

The recoverable amount must be calculated for an individual asset, unless the asset does not generate cash inflows which are largely independent of cash inflows from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU (Cash-Generating Unit) to which it belongs. The recoverable amount of an asset is whichever is higher between its fair value less costs of disposal or its value in use.

Negative differences resulting from the comparison between the carrying amount and the recoverable amount of the assets are recognised in profit and loss.

Impairment loss of a CGU initially reduces the goodwill allocated to that CGU and, later on, to the other assets of the CGU pro rata the carrying amount of each one of the assets, with the limit for each one of them of whichever is the higher between its fair value less cost of sale or other disposal, its value in use, and zero.

The Group assesses, based on internal and external information sources, at each balance sheet date, whether there is an indication that an impairment loss recognised in previous years does not exist any more or may have decreased. Reversal of impairment loss for goodwill is not possible. Impairment loss for the rest of assets may be only reversed if there has been a change in the estimates used to determine the recoverable amount of the asset.

The main indications which the Group takes into account in order to check the existence of impairment are the following:

- Recurring losses in the CGUs;

- Actual net cash flows, or results, deriving from the exploitation of the asset, significantly lower than estimated;

- Negative change in one of the key assumptions on which the cash flows forecasts are based: production, prices, number of clients, discount rates, gross margins, etc.;

- Significant changes with unfavourable effect for the Group, which occurred during the year or are expected to occur in immediate future, in the form or manner in which the asset is used or is expected to be used, such as, for example, plans to interrupt or restructure the business activity to which the asset belongs, or plans to dispose of the asset;

- Identification of unforeseen contingent liabilities in the CGUs subject to valuation, unforeseen significant sanctions or failure to meet certain ratios related to financial liabilities.

Reversal of the impairment loss is recognised in the profit or loss. However, the increased carrying amount due to reversal should not be more than what its depreciated historical cost would have been if the impairment had not been recognised.

2.11 Leases

Identification of a lease

At the beginning of a contract, the Group assesses if the contract contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which the Group uses an asset includes consecutive and non-consecutive periods. The Group reassesses the conditions only when the contract is amended.

Lessee accounting

In the contracts which contain one or more lease components and non-lease components, the Group assigns consideration of the contract to each lease component according to the selling stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

The payments made by the Group which do not involve transfer of goods or services to the Group by the lessor are not a component separate from the lease, but form part of the total consideration of the contract.

The Group decided to not apply the accounting policies specified below for short-term leases and those where the value of the underlying asset is lower than EUR 4 thousand. (IFRS 16.8 and B3-B8).

For this kind of contracts the Group recognises the payments on a straight-line basis over the lease term.

At the beginning of the lease the Group recognises a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease and the estimated cost to be incurred in dismantling and restoring the asset, as indicated in the provisions accounting policy.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments using the adequate incremental rate, except for when it is possible to credibly determine the lessor's interest rate implicit in the lease.

The unpaid lease payments consist of fixed payments, less any lease incentives receivable, variable payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and the payments of penalties for terminating the lease if the lease term reflects the exercising of an option to terminate the lease.

The Group measures the right-of-use assets, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the contract conveys the ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, depreciation is carried out applying the criteria indicated in the property, plant and equipment paragraph from the lease commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful file of the right-of-use asset or the end of the lease term.

The Group applies the criteria of the impairment of non-current assets indicated in Note 5 to the right-of-use assets.

The Group measures the lease liability incrementing it by the accrued financial expense, reducing it by the payments made and remeasuring the book value due to amendments to the lease or in order to reflect the adjustments of the in-substance fixed payments.

The Group recognises variable payments that were not included in the initial measurement of the liability in profit or loss for the period in which the circumstance occurred which triggered the payment.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset until it is reduced to zero and later in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised discount rate if there is a change in the lease term or a change to the assessment of the option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under residual value guarantee or a change to the index or rate used to determine the payments, including a change to reflect the changes in the market rental rates following a market rent review.

The Group recognises a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If the modification is not accounted for as a separate lease, at the date of the modification, the Group allocates the consideration in the modified contract in the way indicated above, determines again the lease term and remeasures the lease liability by discounting the revised payments using a revised discount rate. The Group decreases the book value of the right-of-use asset to reflect the partial or full termination of the lease in the modifications that decrease the scope of the lease, and recognises in profit or loss the relevant gain or loss. For all other lease modifications, the Group adjusts the book value of the right-of-use asset.

Lease liabilities

On the lease commencement date, the Group recognises the lease liability at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that is impossible to be easily verified, the incremental borrowing rate.

The initial value of the lease liability is measured at the value of future lease payments discounted, as a rule, at incremental rate. Lease payments include:

- Fixed payments or in-substance fixed payments specified in the lease contract less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;

- The amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option that the lessee is reasonably certain to exercise; and
- Payments for terminating the lease if the lease term includes early termination.

Contingent rents subject to the occurrence of a specific event and variable payments that depend on the income or on the use of the underlying asset are measured at the moment when they are incurred under the 'External services' heading of the Consolidated income statement instead of being part of the lease liabilities.

Subsequently, lease liability is increased in order to reflect the financial expense and is reduced by the amount of the payments made. Financial adjustment is recorded under the 'Financial expenses' heading of the Consolidated income statement.

The leases, where the Audax Renovables Group acts as lessee, have been measured individually at the present value of the future payments, discounted at the average discount rate of 4%.

The majority of the leases affected by this regulation correspond to the lease of land where the power plants are installed, as well as lease of office space.

2.12 Financial instruments

Recognition and initial measurement

Financial instruments are classified at the moment of their initial recognition as a financial asset, a financial liability or an equity instrument, according to the substance of the contract and to the definitions of financial asset, financial liability or equity instrument developed in IAS 32 “Financial Instruments: Presentation”.

A financial instrument is recognised when the Group becomes an obliged party to an agreement or a legal transaction according to the provisions thereof.

Subsequent classification and measurement

Financial assets

The Group classifies its financial assets, except for the investments accounted for by the equity method, into the following categories:

a) Amortised cost:

These are financial assets, non-derivative, which are held for the collection of contractual cash flows when these cash flows represent only the principal and interest payments. They are included in current assets, except when they mature in more than twelve months as from the balance sheet date on which they were classified as non-current assets.

They are initially recognised at fair value and, subsequently, at amortised cost, using the method of effective interest rate. The interest income of these financial assets is included in financial income, any profit or loss arisen when they are derecognised is recorded directly in consolidated income, and impairment losses are presented as a separate item of the Consolidated Income Statement for the year.

b) Measurement at fair value through Other Comprehensive Income:

The financial assets at fair value with changes in other comprehensive income are initially recognised at fair value plus transaction costs that are directly attributable to the purchase.

Subsequently to the initial recognition the financial assets classified into this category are measured at fair value with recognition of loss or gain in other comprehensive income, except for the loss or gain due to exchange rate, as explained in section 2.6 (foreign currency transactions) and expected credit loss. The amounts recognised in other comprehensive income are recognised in profit or loss at the moment of derecognition of the financial assets. However, the interests calculated using the effective interest rate method are recognised in profit or loss.

c) Measurement at fair value through profit and loss:

The derivatives are included in this category, unless they are described as hedging instruments. These financial assets are measured, both initially and subsequently, at fair value, with the changes in that value recorded in the Consolidated Income Statement for the year.

The fair value of listed investments is based on the market value (Level 1). In the case of non-listed company shares, the fair value is determined using the valuation methods which include the use of recent transactions between interested and duly informed parties, references to other substantially equal instruments and the analysis of discounted future cash flows (Level 2 and 3). When recent available information is insufficient for determining the fair value, or when there is a whole range of possible valuations of the fair value and the cost represents a better estimate within that range, the investments are recorded at acquisition cost, less the impairment loss, if applicable.

d) Financial assets measured at cost:

The investments in equity instruments for which there is no sufficient information to measure their fair value or when there is a wide range of measurements and derivative instruments that are linked to them which should be settled for providing those investments, are measured at cost. However, if the Group may obtain at any moment a credible measurement of the asset or of the contract, it will recognise them at that moment at fair value recording the gain or loss in profit or loss or in other comprehensive income if the instrument is designated at fair value with changes in other comprehensive income.

Financial liabilities

At the moment of their initial recognition, they are classified into the following categories:

a) Financial liabilities at amortised cost

Financial liabilities are recognised initially at fair value, net of the costs incurred in obtaining them. The difference between the amount obtained and their redemption value is recognised in the Consolidated Income Statement during the term of the financial liability using the effective interest rate method.

In the case of amendments to contracts concerning financial liabilities measured at amortised cost which do not result in their amortisation, the modified cash flows of the refinanced debt are discounted at the original effective interest rate, and the obtained difference from the previous carrying amount is recorded in the Income Statement at the date of the modification.

The difference between the book value of a financial liability which is cancelled and the consideration paid is recognised in the profit or loss for the period.

Financial liabilities are classified as current liabilities unless their maturity is longer than twelve months as from the balance date or if they include tacit renewal clause to be exercised by the Group.

Moreover, current trade and other payables are short-term financial liabilities which are initially measured at fair value do not accrue interest and are recorded at their nominal value.

b) Financial liabilities at fair value through profit and loss:

These are liabilities acquired for the purpose of selling them in short term. The derivatives are included in this category, unless they are described as hedging instruments. These financial liabilities are measured, both initially and subsequently, at fair value, with the changes in that value recorded in the Consolidated Income Statement for the year.

Principles of compensation

A financial asset and a financial liability are subject to compensation only when the Group has the legal right actually enforceable to compensate the recognised amounts and has the intention to settle for differences or realise the asset and cancel the liability simultaneously. In order for the Group to have the legal right actually enforceable, it should not be contingent to a future event and should be legally enforceable in the ordinary course of business, in case of insolvency or legally declared liquidation and in case of default.

Reclassifications of financial instruments

The Group reclassifies financial assets when it modifies the business model for the management of that assets. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in profit or loss, it recognised the difference between the fair value and the carrying amount in the profit or loss. From that moment on, the Group does not record financial asset interest separately.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at amortised cost, the fair value at the date of the reclassification is considered to be the new gross carrying amount for the purpose of applying the effective interest rate approach and of recording credit losses.

If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in other comprehensive income, it recognises the difference between the fair value and the carrying amount in other comprehensive income. The effective interest rate and the expected credit loss record are not adjusted by the reclassification. However, the accumulated amount of the expected credit losses is registered against other comprehensive income and is itemised in the notes.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at amortised cost, it is reclassified at its fair value. The amount of the difference in equity is adjusted to the carrying amount of the asset. The effective interest rate and the expected credit loss record are not adjusted by the reclassification.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at fair value with changes in other comprehensive income, the effective interest rate and expected credit loss are determined at the date of the reclassification at the fair value of that moment.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at fair value with changes in profit or loss, the amount of the difference in equity is reclassified to profit or loss. From that moment on, the Group does not record financial asset interest separately.

i) Impairment

The Group recognises in profit or loss a loss allowance due to expected credit loss of the financial assets measured at amortised cost, fair value with changes in other comprehensive income, contract assets, lending commitments and financial guarantees.

For financial assets measured at fair value with changes in other comprehensive income the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

The Group measures on every balance sheet date the loss allowance by an amount equal to the expected credit loss in the following twelve months, for the financial assets for which the credit risk has not increased significantly since the date of the initial recognition or when it considers that the credit risk of a financial asset has not increased significantly.

The Group determines on every balance sheet date whether the credit risk of an instrument considered individually or of a group of instruments considered collectively has increased significantly since the initial recognition. For the purpose of collective evaluation, the Group has grouped the instruments according to shared risk features.

In order to determine whether for an instrument or a group of instruments the credit risk has increased significantly the Group uses the change in the risk of a default during the expected lifetime of the instrument instead of changes in the amount of the expected credit losses. Therefore, the Group evaluates the change in the risk of a default at every balance sheet date comparing it to the initial recognition. For this purpose, the Group considers that a default occurs when there are justified doubts concerning recovery.

For the purpose of determining whether there is a significant increase in the credit risk the Group evaluates all the reasonable and justifiable prospective information, in particular:

- Internal and external credit risk ratings;

- Current or expected adverse changes in the business, financial or economic situation which may give rise to a significant change in the borrower's ability to fulfil their obligations;

- Current or expected significant changes in the borrower's operating income;

- Significant increase in the credit risk of other financial instruments of the same borrower;

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

- Macroeconomic information such as interest rates, growth, unemployment rates, GDP of the region, real property market prices or rents.

- The Group considers that the credit risk has increased significantly since the initial recognition when its maturity period is extended.

If there has been a significant increase in the credit risk of an instrument or a group of instruments since the initial recognition, the expected credit loss covers the entire expected life of the instrument. For the financial assets acquired or originated with incurred losses the Group recognises at every balance sheet date only the positive or negative changes in the expectations of loss since the initial recognition as a loss or profit from impairment, regardless of whether the profit exceeds the initially estimated amount of the incurred credit loss.

For the financial assets renegotiated or modified and which have not implied derecognition of the original financial asset the Group evaluates the significant increase in credit risk comparing the risk of a default at the date of the balance sheet according to the new conditions with the risk of a default at the date of the initial recognition according to the original conditions. The Group considers that the credit loss of modified financial assets should not be estimated during the lifetime for the instrument only when there is evidence of the borrower's fulfilment of the modified obligations.

If the modified financial asset has implied derecognition of the previous financial asset and the recognition of a new one, the Group determines the expected credit loss at that moment. For this purpose the Group determines the expected credit loss in the subsequent twelve months, except for when the financial asset originated with incurred loss.

Notwithstanding the above, the Group recognises the expected credit loss during the life of the instruments for trade receivables or contract assets and finance lease receivables.

The Group determines the expected credit loss considering the unbiased and probability-weighted amount, effective interest rate or effective interest rate adjusted by the original credit risk and reasonable and justifiable information about past events, current conditions and forecasts of future economic conditions.

The maximum term considered by the Group to measure the expected credit loss is the contractual period, including novation options, during which the Group is exposed to credit risk. However, the Group determines credit losses during the period in which the Group is exposed to credit risk and the credit losses would not be mitigated by credit risk management actions, even if this period exceeds the maximum contractual period.

Separate expected credit losses represent the difference between the contractual and the expected cash flows, in the amount as well as in the term.

The Group has determined the impairment of cash and cash equivalents due to expected credit losses during the next twelve months. The Group considers that cash and cash equivalents have a low credit risk according to the credit ratings of the financial entities where the deposits or cash are deposited.

For trade receivables the Group determines the expected credit loss during the life of the financial assets collectively, grouped by different collectives according to their maturity dates, allocating a percentage of default to each of them.

The percentage of default is calculated according to the probability of an account receivable to be moving through the subsequent stages of default until its definitive derecognition. The percentages are calculated separately for each collective. The percentages are based on the current experience of default in recent years and are adjusted by the differences between current and historical economic conditions and considering the forecast information that is reasonably available.

ii) Extinguishment of financial assets

The Group applies the financial assets derecognition criteria to a part of a financial asset or to a part of a group of similar financial assets or to a financial asset or to a group of similar financial assets.

Derecognition of financial assets is carried out when the rights to collect cash flows connected with those assets have expired or have been transferred and the Group has transferred substantially the risks and profits derived from their ownership.

Derecognition of a financial asset in it entirety implies a recognition of profit or loss for the difference between its carrying amount and the sum of the received compensation, less transaction costs, including the assets obtained or the liabilities assumed and any loss or gain recognised in other comprehensive income, except for the equity instruments designated at fair value with changes in other comprehensive income.

iii) Interests and dividends

The Group recognises interests applying the effective interest rate method, which is an update rate that equalises the carrying amount of a financial asset with the expected cash flows during the expected life of the instrument on the basis of its contractual terms and without considering the expected credit loss, except for the financial assets acquired or originated with incurred losses.

The interests are recognised at gross carrying amount of the financial assets, except for the financial assets acquired or originated with incurred credit losses and financial assets with credit impairment. For the former, the Group recognises the interests according to the effective interest rate adjusted by the initial credit risk and for the latter, the Group recognises the interests at amortised cost.

The changes of estimates in cash flows are discounted at the effective interest rate or an interest rate adjusted by the original credit risk and are recognised in profit or loss.

The income on dividends from investments in equity instruments is recognised in profit or loss when right for the Group arise to collect the dividends, the collection of economic profit is probable and the amount can be reliably calculated.

The dividends from equity instruments classified at fair value with changes in other comprehensive income are recognised in profit or loss, except when they represent a return on investment, in which case they are recognised in other comprehensive income.

The Group recognises as financial income and expenses the late-payment interest in commercial transactions according to the legal and contractual conditions. If eventually the interest is compensated or cancelled, the Group recognises the transaction according to its substance.

iv) Derecognition and modification of financial liabilities

The Group derecognises a financial liability or a part of it when the obligation specified in the contract is fulfilled or when the Group is legally exempted from the principal responsibility contained in the liability whether through a court proceeding or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of the liabilities initially recognised are accounted for as an extinguishment of the original financial liability and recognition of a new financial liability, provided that the terms of the instruments are substantially different.

The Group considers that the terms are substantially different if the current value of the discounted cash flows under the new terms, including any commission paid less any commission received, and using for the discount the original effective interest rate, differs by at least 10 per cent from the discounted current value of the cash flows which still remain from the original financial liability.

If the exchange is recorded as an extinguishment of the original financial liability, the costs or commissions are recognised in profit or loss as a part of its result. Otherwise, the modified cash flows are discounted at the original effective interest rate and any difference from the previous carrying amount of the liability is recognised in profit or loss. Likewise, the costs or commissions adjust the carrying amount of the financial assets and they are amortised by the amortised cost method during the remaining life of the modified liability.

The Group recognises in profit or loss the difference between the carrying amount of a financial liability or a part of it that is extinguished or transferred to a third party and the compensation that was paid, including any transferred asset other than cash or assumed liability.

v) Issuance and acquisition of equity instruments and financial instruments and recognition of dividends

The Group classifies issued, incurred or assumed financial instruments as financial liabilities in its entirety or in one of its parts, providing that, depending on the economic situation, it means for the Group a direct or indirect contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with third parties under conditions that are potentially unfavourable.

The Company recognises the increases and decreases of capital in net equity when the issuance and subscription has been carried out.

In the issuance of compound financial instruments with equity and liability components the Group measures the equity component at the residual amount obtained after subtracting from the fair value of the instrument as a whole the amount of the liability component, including any derivative financial instrument. The liability component is measured at fair value of a similar instrument which does not contain an equity component. However, if an issued instrument is puttable at any time at the investor's request or because of a contingency which cannot be controlled by the Group, the initial value of the financial liability is equal to its issue price. Derivative financial instruments are later measured at fair value through profit or loss. The liability component of the financial instrument is later measured at amortised cost. Transaction costs related to an issue of a compound financial instrument are allocated according to the carrying amount of each of the components at the time of classification.

In an issue of convertible bonds, the Company recognises the conversion option as other equity instruments, providing that it is not classified as a derivative financial instrument. The financial liability component and transaction costs are recognised as stated above.

At the date of the conversion the Group cancels the liability component and proceeds to credit the capital account and, if applicable, the share premium account. Moreover, the original component of net equity is reclassified to the share premium account.

In case of agreement on bonds repayment, the Group cancels the liability and, at the difference against consideration paid, accounts for the result of the transaction in the financial margin of the consolidated income statement. Likewise, the original net equity component is reclassified to the reserves.

When the Group cancels a convertible bond before maturity, through early redemption or repurchase where conversion terms remain unchanged, the Company distributes the consideration paid and transaction costs related to the redemption or repurchase between the liability and equity components of the instrument at the date of the transaction, in a way which is congruent with the method used in the distribution carried out for the initial recognition of the instrument.

Once the allocation of the consideration paid between the two components is made, the resulting gain or loss related to the cancellation of liability is recognised in the consolidated profit or loss, and the amount corresponding to the equity component is recognised directly in a reserves account.

If the initial terms of the convertible instrument are amended in order to induce early conversion, the difference, at the date when the terms are amended, between the fair value of the consideration the investor is to receive on conversion of the instrument under the new terms and the fair value of the consideration that the investor would have received under the original terms is recognised as a financial profit or loss in the consolidated income statement.

Contracts for purchase and sale of non-financial assets

The Group signs forward contracts for the purchase/sale of energy according to its production requirements. The Group assesses at the moment of signing and also periodically if the contracts should be recognised as derivative financial instruments. For this purpose the Group carries out control and a separate register of those contracts which meet the conditions for not being classified as derivative financial instruments and those which must be considered as trading.

The Group recognises as obligations the contracts for purchase or sale of a non-financial account in line with the terms of the contract and if it is held for delivery or reception according to the usage, purchase or sale requirements.

The transaction costs of the contracts classified as obligations are recognised according to the general criteria applicable to the costs related to purchase and sale transactions.

However, the Group recognises as derivative financial instruments those contracts or groups of similar contracts for which the Group keeps applying a past practice of net cash settlement or those that are held by the Group for the purpose of obtaining profit from trading margin.

In the case of contracts for the purchase or sale of non-financial assets classified as trading and which are going to be settled with physical delivery at a fixed price, the Group applies the cash flow hedge policy.

The Group evaluates the existence of implicit derivatives in the contracts for purchase or sale of non-financial assets in foreign currency. Although the contract is not accounted for as a financial instrument, the implicit derivative is recognised according to the criteria indicated above.

As at 31 December 2022 and 2021 the Group does not have any interest rate derivatives.

2.13 Derivatives and other financial instruments

Financial derivatives are recognised at fair value on the contract date and are successively recalculated at fair value. The method for recognising the gain or loss depends on whether the derivative is classified as a hedging instrument, and if so, the nature of the asset hedged.

The Group aligns its accounting with the implemented financial risk management. Periodically, the risk management and hedging strategy objectives are reviewed, and a description of the pursued objective of risk management is prepared.

A hedge is considered to be highly effective when the changes in the fair value or the cash flows of the assets hedged are offset by the change in the fair value or cash flows of the hedging instrument. The Group documents the relationship between the hedging instruments and the assets or liabilities hedged at the beginning of the transaction, as well as the purpose of the risk management and hedging strategy.

The market value of different financial instruments is calculated according to the following procedures:

- Regarding the derivatives traded on regulated market, at their quoted price at the end of the year (Level 1).

- In the case of derivatives that do not trade on regulated market, at the discounted cash flows, based on the market conditions at the year-end date or, in the case of non-financial elements, on the best estimate of the future price curves of those elements (Level 2 and 3).

The fair values are adjusted by the expected negative impact of the observable own credit risk on the valuation scenarios.

For the purpose of recognition, the transactions are classified in the following manner:

a) Cash flow hedges:

For these derivatives, the part identified as efficient hedge of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised in net equity. The gain or loss relating to the non-effective part is recognised immediately in the consolidated income statement. The amounts accumulated in net equity are released to the consolidated income statement in the year in which the hedged items affect profit or loss.

b) Fair value hedge:

The changes in the fair value of the derivatives that are designated and qualify as fair value hedges are posted in the consolidated income statement, together with any change in the fair value of the asset or liability hedged that is attributable to the risk hedged.

2.14 Share capital

Share capital is represented by ordinary shares.

The cost of the issue of new shares or options, net of tax, is subtracted from net equity.

The dividends from ordinary shares are recognised as less net equity when approved by the Parent Company’s shareholders.

2.15 Provisions and contingent liabilities

The Directors of the Parent Company have established a difference in the consolidated annual accounts between:

a) Provisions: credit balances that cover current obligations related with past events. Its settlement is likely to originate an outflow of cash, however the amount and/or the moment of the settlement cannot be determined.

b) Contingent liabilities: possible obligations arising as a consequence of past events whose future materialization is subject to whether or not one or more than one of these events ends up taking place. These events are independent of the Groups' will.

Provisions are recognised when the Audax Renovables Group has a present legal or implicit obligation as a result of past events, which will likely lead to an outflow of funds in order to meet the obligation, and when the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are recorded when the unavoidable costs of meeting the liabilities exceed the profits expected to be obtained from them. The unavoidable costs of a contract indicate the lower net cost of the contract itself or, equally, the amount which is lower between the cost of fulfilment and the amount of the compensations or penalties derived from non-fulfilment.

The cost of fulfilling a contract comprises the costs which are directly related to the contract. The costs which are directly related to the contract involve:

a) the incremental costs of fulfilling the contract (such as labour direct cost and cost of materials); and

b) an allocation of other costs which are directly related to the fulfilment of the contract (e.g. an allocation of depreciation charge to an account of property, plant and equipment used to fulfil the contract, among others).

Provisions are stated at current value of the amount necessary to settle the liability at the balance sheet date, according to the best estimation available.

When it is expected that part of the disbursement necessary to settle the provision is refundable by a third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically assured.

2.16 Corporate Income Tax

The corporate income tax accrued expenses include the expense for the deferred tax and the expense for the current tax understood as the amount payable (or refundable) relating to the tax profit (or loss) for the year.

The Group incorporates the uncertainty effect into the tax treatment when determining the tax profit, tax bases, unused tax losses, unused tax credits and tax rates.

The current tax is the amount that the Group pays as a consequence of the fiscal liquidations arising from Corporate Income Taxes for the year. Deductions and other fiscal advantages affecting the amount of taxes payable, excluding any account retention or payment, as well as fiscal losses that can be compensated from past years and that are effectively applicable during the current year, give rise to a lower amount of current taxes payable.

The deferred tax is recorded by comparing the temporary differences that arise between the taxable income from the assets and liabilities and the accounting profit on the consolidated annual accounts using the tax rates that are expected to be in force when the assets and liabilities are realised.

Liabilities arising from deferred taxes are recognized for all the temporary differences on tax bases, except for those derived from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect neither the fiscal result nor the accounting result and that is not included in a business combination.

The deferred tax arising from charges or credits made directly in the net equity accounts are also recorded as charges or credits to net equity.

Additionally, any difference that might exist between the consolidated value of an acquired company and its fiscal base will also be considered at a consolidated level. In general, these differences arise from the accumulated results generated after the acquisition date, from fiscal deductions associated with the investment and from the exchange difference, in the case where the acquired company uses a currency that is not the euro. Deferred tax assets and liabilities originated from these differences can be recognized except for, and in the case of taxable differences, those in which the investor has control over the moment of reverting the difference and in the case of the deductible differences, if it can be expected that such difference has consequences on the foreseeable future and if it is likely that the company has a tax profit of a sufficient amount.

The deferred tax assets are recognised to the extent that it is probable that there will be future tax profits with which to offset the temporary differences.

In every closure of the accounting cycle the assets registered as deferred taxes receivable are reconsidered and the needed corrections are done in the cases where doubts exist about their future payment.

When there is a change in tax rates, the amounts of the deferred tax in assets and liabilities are remeasured. These amounts are charged or allocated through consolidated profit and loss or through the "Other comprehensive income for the year" account of the Consolidated Statement of Comprehensive Income, depending on the account to which the original amount was charged or allocated.

Moreover, in every closure, the assets that have not been registered as deferred taxes in the balance sheet are evaluated and recognized if their future recoverability in the form of future tax profits is likely.

Measurement of deferred tax assets and liabilities

The deferred tax assets and liabilities are measured according to the tax rates that will be applicable in the years when the assets are expected to be realised and the liabilities are expected to be settled, on the basis of the regulations and types that are approved or are soon to be approved and after considering the tax implications of the form in which the Group expects to recover the assets or settle the liabilities. For this purpose, the Group has considered the deduction from the reversal of temporary measures, established in the 37th transitional provision of the Law 27/2014 of 27 November 2014 on Corporate Income Tax, as an adjustment to the tax rate applicable to the temporary deductible difference associated with the non-deductibility of the amortisations and depreciations recorded in the years 2013 and 2014 and updating the balance sheets under the Law 16/2012 of 27 December 2012.

The Group revises, at the date of the financial year end, the carrying value of the deferred tax assets in order to reduce that value when it is not probable that there will be sufficient taxable profit in the future to compensate them.

The deferred tax assets which do not meet the conditions specified above, are not recognised in the consolidated balance sheet. The Group reassesses, at the year end, if the conditions are met in order to recognise the deferred tax assets which previously were not recognised.

Tax uncertainties

If the Group establishes that it is not probable that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it takes such uncertainty into consideration for the establishment of the taxable income, tax bases, credits for tax losses carried forward, deductions or tax rates. The Group determines the effect of the uncertainty in the corporate income tax return applying the expected value method when the range of possible outcomes is very wide, or the most-likely amount method when the outcome is binary or is concentrated on a value. In those cases where the tax asset or tax liability calculated using these criteria exceeds the amount presented in the tax return self-assessments, it is presented as current or non-current in the consolidated balance sheet according to the expected date of recovery or settlement, recording in the income statement, when appropriate, the amount of the relevant late-payment interest over the liability as it accrues. The Group records the changes in facts and circumstances related to the uncertainties as a change in the accounting estimate.

The Group recognises and presents the sanctions in accordance with the accounting policy indicated for provisions.

Compensation and classification

The Group only compensates the current tax assets and liabilities if there is legal authorisation from the tax authorities and the Group intends to settle the resulting debt in its net amount or to realise the assets and settle the debt simultaneously.

The Group only compensates deferred tax assets and liabilities if there is legal authorisation from the tax authorities to compensate and the assets and liabilities belong to the same tax authority and to the same taxable person or to different taxable persons that intend to settle or realise the current tax assets and liabilities at their net amount or to realise the assets and settle the liabilities simultaneously, in every future fiscal year in which it is expected that significant amounts of deferred tax assets or liabilities will be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, regardless of the expected date of the realisation or settlement.

2.17 Recognition of revenues from contracts with customers

Income from contracts with customers is recognised according to the fulfilment of the performance obligations towards the customers.

Ordinary income represents the transfer of goods or services to the customer for an amount which reflects the consideration that the Group expects to receive in exchange for that goods or services.

According to IFRS 15, for the recognition of revenues it is necessary to apply a procedure in five steps in order to determine the moment in which income needs to be recognised, as well as its amount:

1. Identifying the contract or contracts with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price

4. Allocating the transaction price to different performance obligations.
5. Recognition of income according to the fulfilment of each obligation.

The expenses are recognised when they accrue, or immediately - in the case of outlays that are not going to generate future economic profit or when they do not meet the necessary requirements to be recognised in books as assets.

Sales are measured net of tax and discounts, and transactions between Group companies are excluded.

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered during the Audax Renovables Group's normal course of business, minus returns, price reductions, discounts and value added tax.

Electricity and natural gas sales are recognised as income at the moment of delivery to the customer according to the quantities supplied during the period, before being invoiced. Therefore, sales figures include the estimated volume of supplied electricity, that has not yet been read on the customer's meter (Note 2.21).

Note 3 describes the basic features of the regulations in the electricity sector that are applicable.

2.18 Cash flow statement

The consolidated cash flows statement has been prepared using the indirect method, and using the following expressions with the meeting set out below:

a) Operating activities: activities that make up the ordinary group revenues, and other activities that cannot qualify as investment or financing.

b) Investment activities: investment, sale or disposal by other means of long-term assets and other investments not included under cash and cash equivalents.

c) Financing activities: activities that cause changes to the volume and composition of net equity and the liabilities that do not form part of the operating activities.

When it is possible to identify a tax flow in individual operations, such as, for example, Value Added Tax, which give rise to receipts and payments classified as investment and financing activities, these will be classified the same as the transaction to which it refers.

The cash flow statement does not list existing cash flows between restricted and non-restricted funds.

2.19 Profit or loss per share

Basic profit or loss per share is calculated using consolidated profit or loss for the year attributable to the Parent Company between the average number of ordinary shares in circulation during this period, excluding the average number of treasury shares held by the Group.
Diluted profit or loss per share is calculated using the consolidated profit or loss for the year attributable to the ordinary shareholders adjusted by the effect attributable to the potential ordinary shares having a dilution impact and the average number of ordinary shares in circulation during this period, adjusted by the average weighted number of ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares of the Parent Company.

2.20 Cash and other cash equivalents

Cash and cash equivalents include cash in hand and bank deposits payable on demand in credit institutions. Also included within this concept are other short-term investments of high liquidity, if they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Therefore the account includes investments with maturity of less than three months from the date of purchase.

Investments in investment funds are considered as cash and cash equivalents only if the underlying assets of the fund meet the criteria specified above.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities from borrowings from credit institutions.

The Group classifies as financing the cash flows related to the interest collected and paid and the dividends collected and paid.

2.21 Significant accounting estimates and assumptions.

- Intangible and tangible assets

The determination of useful life of intangible and tangible assets requires estimates of their degree of use, as well as expected technological evolution. The assumptions regarding the degree of use, technological framework and future development involve a significant degree of judgement, insofar as the timing and nature of future events are difficult to foresee.

- Impairment of non-financial assets

The recoverable amount of the CGUs applied to the impairment tests has been determined on the basis of discounted cash flows based on the forecasts made by the Group, which historically have been substantially fulfilled.

In Note 4 we explain the main assumptions used in order to determine the recoverable value of non-financial assets.

- Derivatives and other financial instruments

The fair value of the financial instruments that are traded on active markets is based on market price at the date of the consolidated balance sheet. The quoted market price used for the financial assets is the current bid price.

The fair value of the financial instruments that are not traded on active markets is determined using valuation methods. The Group uses a variety of methods and makes assumptions which are based on the market conditions existing at each of the consolidated balance sheet dates.

- The fair value of interest rate swaps is calculated as the present value of the future estimated cash flows.

- The fair value of the exchange rate forward contracts is determined by using the forward rate traded on the market at the date of the consolidated balance sheet.

- The fair value of the commodity price derivatives is determined by using the future curves of prices traded on the market at the date of the consolidated balance sheet.

For the purpose of information disclosure, it is assumed that the book amount of trade receivables and of accounts receivables less value adjustments due to their expected impairment is close to their fair value. Likewise, the fair value of the rest of financial liabilities for the purpose of financial information disclosure is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

- Provisions

The Group makes an estimate of the amounts to be settled in the future, including the amounts relating to contractual obligations, possible onerous contracts deriving from them, the settlement of outstanding litigation, and other liabilities. These estimations are subject to the interpretation of current events and circumstances, projections of future events and estimates of their financial effects.

- Corporate income tax

The calculation of the corporate income tax expense requires interpretations of tax legislation in the jurisdictions in which the Group operates. In order to determine whether the tax authority will accept a particular uncertain tax treatment and to establish the expected outcome of outstanding disputes, it is necessary to prepare significant estimates and judgments. The Group evaluates the recoverability of the deferred tax assets based on estimates of future taxable income and the capability to generate sufficient tax profits during the periods in which these deferred taxes are deductible. Deferred tax liabilities are registered in accordance with the estimates concerning the net assets which in the future will not be tax-deductible.

- Income recognition

Income from energy supply is recognized when the commodity is delivered to the customer on the basis of periodic meter readings. Moreover, it includes an estimate of the energy supplied and not yet invoiced at the moment of the accounting cycle closing, because, due to the normal course of the meter reading cycle, it was not yet measured.

The estimation of the energy accrued and not yet invoice is carried out differently with regard to each business segment of the Group according to its particularities. The main variables which intervene in the determination of the income estimate are the price and the volumes of used and purchased energy.

- Prices: are determined depending on the prices offered to different types of clients considering the estimate consumption curves.

- Consumption: application of the estimate daily consumption derived from the historical profile of different types of clients adjusted periodically and by other factors which can be measured and which affect the consumption.

- The volume of energy acquired by the retailers of the group in order to meet the demand.

The Group has expertise and uses information systems sufficiently developed, which allow to guarantee the precision of the estimates recorded under this heading in the net turnover section of the consolidated income statement and to meet the requirements established by the accounting standards. Historically, no material adjustments have been made to the amounts recorded as accrued revenue and no adjustments are expected in the future.

Certain figures of the electrical system, including those corresponding to other companies, which make it possible to estimate the global settlement of the system that is supposed to materialise in the corresponding final settlements, might affect the determination of the amount corresponding to the deficit of the settlements of the regulated electrical activities in Spain.

- COVID-19

The expansion of COVID-19 posed important challenges to the businesses and introduced a high degree of uncertainty regarding economic activity and energy demand across the world, especially in the years 202 and 2021.

A framework of global recovery, which began to be noticeable in the second half of 2021, continued throughout the year 2022. However, there were still in operation certain effects, such as those originated by the measures imposed in China under their policy of "Zero COVID", which brought about perturbations in the supply chain of technological components to Europe, necessary, for example, to maintain the strong growth of investments in renewable energy.

Moreover, during the year 2022 various countries were lifting gradually the mobility restrictions imposed in order to stop the expansion of the pandemic. Although the process contributed to revitalise business activity, it also produced new outbreaks of infections, such as those witnessed in China at the end of the year. This last factor has induced certain countries to think on imposing or to actually impose restrictions on the entry of persons travelling from that country. The increase of infections may negatively affect the economic growth of China and put again a strain on the global supply chains.

The Group monitors the impact of the health crisis caused by COVID in the short- and long-term economic cycle in order to minimise the risk that additional setbacks or abrupt recoveries of the current economic situation of the markets where it operates could have materially unfavourable effects on the business of the Group, its perspectives, financial situation and operating income.

In the process of making estimates and assumptions necessary to prepare the consolidated annual accounts such perspectives were taken into account and detailed in the corresponding notes.

- Climate change and Paris Agreement

The Group maintains its strong commitment to the Sustainable Development Goals included in the 2030 Agenda, the Ten Principles of the United Nations Global Compact, the Paris Agreement, the European Green Deal and the National Integrated Energy and Climate Plan. As a proof of it, the Group is member of the Spanish Network of the United National Global Compact for Sustainable Development since 2013.

A sign of this commitment is that the main goal of the Strategic Plan 2021-2026 of the Audax Group is to increase the portfolio of renewable energy generation and provide the company with a pipeline of photovoltaic and wind energy projects. The achievement of such goal will require great investments in the development, construction, setup and maintenance of the photovoltaic and wind farms. These investments will contribute to the future goal of transformation of the energy mix featured in the National Integrated Energy and Climate Plan PNIEC.

During the year the Group reinforced the strategic direction of sustainability and, as a proof of it, the Board of Directors approved the sustainability strategy to provide the Group with an action framework in the area of ESG, which defines the material subjects for various initiatives and projects that should be carried out and are being developed since the moment they were approved. Among the projects there is the decarbonisation, the energy transition and the preservation of biodiversity, which contribute directly to fighting the climate change and attaining the objectives to reduce the increase of global temperature to below 2ºC and achieve climate neutrality.

These consolidated annual accounts have been prepared considering the commitments of the Group in this respect, as well as the risks and uncertainties related to the climate change and the economy. These consolidated annual accounts have been formulated considering the provisions of the IASB publication "Effect of climate-related matters on financial statements" regarding the impact of the climate change on the application of the IFRS to the financial information.

Below there is a description of the main accounting estimates and judgments made by the management and directors of the Group while formulating the consolidated annual accounts for the year 2022 in relation to the expected effects of the climate change and energy transition:

- *Recoverability of non-financial assets*

The forecasts of cash flows used in the impairment tests of non-financial assets were based on the best available information and include the existing investment plans in each CGU at the moment designed to maintain the operating capacity of the assets. These forecasts correspond to the Group's strategy, which take into account the objectives of the Paris Agreement and, therefore, were made with consideration to the range of economic conditions that may exist in the foreseeable future with regard to the climate change and energy transition. The forecasts take into consideration the expected effect on the energy wholesale and retail market prices derived from the entry into operation of new renewable energy plants and the possible evolution of the natural gas prices as well and the expected demand.

The estimate of the cash flows of each CGU, such as required by the accounting standards, takes into consideration the current state of the assets, without considering future improvements, therefore, they do not include future investments due to technology changes or strategic investments expected in the energy transition.

The Audax Group will continue updating its operating plans and prices outlook in order to take into account the changes of the economic environment and the pace of the energy transition.

- *Main assets of the Group exposed to the climate change and energy transition risk*

Assets of the renewable business

As at 31 December 2022 the net book value of the intangible assets amounts to EUR 274,818 thousand, of which 200,608 correspond to the assets in Spain. The main physical risk perceived is the potential unfavourable future evolution of the solar and wind resource, which are the key variables to the economic result of this line of business. There are also possible cutbacks of the remunerative frameworks of renewable energies and a reduction of prices on the margin wholesale markets because of an increase of production of renewable energy with a reduced variable cost. The impairment tests for the year 2022 did not take into account any changes to the remunerative frameworks which were not yet approved, and did take into account the forecasts of solar and wind resources.

Retailing

The CGU of the retail business has net intangible assets as at 31 December 2022 amounting to EUR 205,487 thousand. The impact of the climate change and energy transition on the retail business is considered to be of a lesser character, because possible unfavourable impacts derived from the efficiency measures and temperature changes might be counteracted by a higher growth which is expected to result from the electrification of the economy.

In terms of transition risks, the current position of the Group, being a consequence of its investment focus on renewable energies, establishes it in a favourable situation to confront such risks. The Group considers that the opportunities arising from the growth of renewable energies are greater than the risks.

- *Useful life of non-financial assets*

When determining the useful life (Note 2.8 and 2.9), the objectives of the National Integrated Energy and Climate Plan (PNIEC) and energy transition are taken into account.

The energy transition and the pace of its progress may impact the remaining useful life of the assets. However, the remaining useful life is reviewed annually.

- *Recoverability of deferred tax assets*

It is expected that there exist certain taxable profit within the planning period, such as to guarantee the recovery of deferred tax assets recognised as at 31 December 2022. The estimation of the recoverability of these assets has been made according to the same judgments and assumptions as those used for the calculation of the recoverable amount of non-financial assets.

- *Regulation*

The Paris Agreement had a very significant impact on the development of new climate policies and approval of new regulations. The European Union (EU), upon undertaking the commitment of climate neutrality by 2050 and "The European Green Deal", which establish the new growth strategy of the EU, approved various regulations in this area. Spain likewise has issued various regulations on the matter, therefore the laws concerning climate change and energy transition are evolving constantly and may have unfavourable effect on the activities of the Group.

- *Dividend distribution*

The risks related to climate change are not expected to affect the Group's ability to pay dividends to the shareholders, because of strong cash generation and existing reserves. However, it is difficult to make a declaration regarding the future ability to pay the dividends due to unknown risks and uncertainties, which might affect the income, the performance or real events so that they differ substantially from those featured in the forecasts made by the Group.

- War between Russia and Ukraine

On 24 February 2022 a war between Russia and Ukraine broke out. The invasion of a European country is an unprecedented event since the middle of last century and has led to catastrophic humanitarian consequences as well as serious implications for the world economy and financial markets.

After the Russian invasion of Ukraine, the European Union and countries such as the USA, Australia, Japan and the UK imposed some unprecedented measures and sanctions on Russia. These measures, as well as the sanctions imposed by Russia in response, had a global impact resulting in increased prices of raw materials, inflationary pressure, restrictions in the supply chain and volatility on the financial and commodity markets.

One of the most affected sectors is the energy sector, with a significant increase of the prices of petrol and natural gas. Due to possible shortages of natural gas caused by the conflict, the European gas market responded with an increase, and the seriousness of the situation also caused a high volatility on the market, along with corresponding impacts on the electricity prices. These difficulties were multiplied by the increased technological risks to which the businesses and Administrations are exposed, and which led to the implementation of security measures and heightened internal control for the protection of the digital infrastructure.

Considering the reference scenario, and in pursuance of meeting the recent recommendations of the European Securities and Markets Authority (ESMA) of 13 May 2022 and 28 October 2022 respectively, the Audax Group monitors the circumstances and evolution of the current situation caused by the crisis in order to manage potential risks. For that purpose, the analysis which are carried out are supposed to evaluate the direct impact of the conflict on the business activity, the financial situation and economic performance, with a special reference to the general increase of the prices of raw materials and, if possible, to a reduced availability of materials supply in the regions affected by the conflict.

Moreover, the Group does not hold shares in companies operating in Russia or Belarus, nor has it made any investments in those countries. The Group does not have undistributable balances of cash or cash equivalents as a consequence of the measures and sanctions described above. For references to interest rate risks, credit risks and liquidity risk, see Note 17.

Considering that it is a scenario, which undergoes constant changes and it is difficult to predict to what degree and how long the war will affect it, the Audax Group carries out constant control of the macroeconomic and business variables in order to be provided, in real time, with the best estimates of possible impacts, taking also into account various recommendations of the national and supranational control authorities in this area.

- Determination of the existence of control

The determination of the existence of control in certain transactions of purchase of investee companies requires occasionally that certain relevant criteria and judgments be applied.

2.22 Actions causing an impact on the environment

The payments carried out in order to comply with the legal requirements connected with the natural environment protection are recorded on an annual basis as expenses or as investments, according to their nature. Amounts registered as an investment are depreciated according to their useful life.

No provision for liabilities and charges related to natural environment has been considered, given that there are no significant contingencies related to the environment protection.

2.23 Incremental costs of acquiring new contracts and client acquisition costs

The incremental costs of obtaining a contract are those incurred in order to obtain a contract with a customer, and which would not have been incurred if the contract had not been obtained.

The costs of obtaining a contract, which were incurred regardless of whether the contract was obtained or not, are recognised as an expense when they are incurred, unless they are explicitly attributable to the client without regard to obtaining the contract.

The Group recognises as assets the incremental costs of obtaining a contract with a client if the entity expects to recover those costs.

With regard to the contracts where there are substantial annual renewal costs, the incremental costs incurred directly in acquiring new customer contracts, which correspond primarily to the commission paid for the acquisition of contracts for power supply signed with those customers, are recorded as Prepaid Expenses and are transferred to the profit and loss account under the heading of procurement, linearly during the expected average life of the contract.

With regard to the contracts without substantial annual renewal costs, the commission paid for the acquisition of contracts for power supply signed with those customers are recorded as intangible assets and are transferred to the profit and loss account under the heading of Amortisation charge, linearly during the expected average life of the client.

The customer acquisition costs recognised as assets are amortised systematically in the Consolidated Profit and Loss Account during the expected average life of contracts with customers which ranges between 1 and 3 years.

2.24 Market price deviation adjustment value under article 22 of Royal Decree 413/2014

On 22 October 2021 the Comisión Nacional del Mercado de Valores (CNMV, National Securities Market Commission) issued an announcement establishing the criterion for accounting for the value of the market price deviation adjustment under article 22 of Royal Decree 413/2014 (RD 413/2014) of 6 June 2014 which regulates the electricity production from renewable energy sources, cogeneration and waste materials.

The value of the market price deviation adjustments reflects the differences that arise in each year between the income from energy retailing at estimated market price, an estimation that is determined at the beginning of each regulatory half-term of three years, and the actual income from energy retailing at average market price in that year.

According to the criterion established by the CNMV as a general rule, it is necessary to recognise in the balance sheet each of the market deviations, positive and negative, which arise under RD 413/2014. However, if during the regulatory residual life of the assets it were highly likely that the achieved market profitability would be higher than the one established in RD 413/2014 and if, therefore, discontinuing the remunerative system would not have more adverse and economically significant consequences than continuing its application, it is considered that in such situation only the assets would be recognised.

In the case when certain facility is in the last half-term of the regulatory useful life of the asset, or early discontinuance of the remunerative system has been announced, the entity proceeds to record in each year an asset or a liability for the amount of the positive and negative deviations generated in the half-term until the closing date of the corresponding year.

In the year 2022 as well as in 2021 the Group had only two facilities covered by the remunerative system established in RD 413/2014 under the code IT-00656 and with a regulatory useful life end in 2026. On applying the criterion established by the CNMV to those facilities, the Group already in the previous year considered it to be highly likely that during the remaining regulatory useful life, according to its best estimation of the future changes of the energy market price, direct market profitability will be obtained, which will be higher than the one guaranteed by the Royal Decree.

The calculation of the Asset Net Value (VNA) was determined according to the income and operating costs of the type plants, the remuneration for investment received, the corresponding revision rate, as well as including the impact of negative and positive deviations. Already in the year 2021 this calculation resulted in an estimated VNA for the year 2022 which was negative (considered as zero for regulatory purposes), meaning that those facilities will not receive specific remuneration (remuneration for investment). Therefore, no impact was recorded in the Consolidated Annual Accounts as at 31 December 2021, nor as at 31 December 2022.

Moreover, given that the facilities do not receive operation remuneration assigned under RD 413/2014, the fact of discontinuing the application of the remunerative system would not have more adverse economically significant consequences than remaining within the system.

Furthermore, on 14 December 2022 Order TED/1232/ of 2022 February is published in the BOE, updating the remunerative parameters of the type plants, applicable to certain plants of electricity production from renewable energy sources, cogeneration and waste materials, to be applied in the year 2022.

Therefore, the ANNEX I of that order contains the remunerative parameters of the type plants, applicable in the year 2022: remuneration for investment, number of equivalent hours of minimal operation, minimum operation threshold and other remunerative parameters. These remunerative parameters are applicable within the Group only to the wind farms of the companies Eólica el Pedregoso, S.L. and Eólica del Pino, S.L. under identification code IT-00656. The result is a remuneration for investment for the year 2022 amounting to EUR 0.00.

As a consequence, in the Consolidated Annual Accounts for the year 2022 no income was recorded corresponding to the remuneration for investment of these companies.

The CNMC will proceed to settle the amounts resulting from each installation, adjusting the difference between the remunerative amounts updated by the order and the amounts previously settled under Order TED/171/2020, in the following settlements, incorporating the generated receivables or payables allocated in the year 2022.

2.25 Measurement at fair value

Fair value is the price which would be received from selling an asset or paid for the transfer of a liability in an orderly transaction between market participants at the date of the measurement, whether the price is directly observable or estimated by using a different valuation method.

If there is no listed price available on an active market, the Group uses valuation methods which maximise the use of relevant observable input data and minimise the use of non-observable input data. More specifically, and with regard to different derivative financial instruments not marketable on regulated markets, the Group establishes the fair value by using valuation methods which include the use of recent free transactions between interested and duly informed parties, involving other substantially similar instruments, the analysis of discounted cash flows at interest rates and exchange rates applied in the market at the date of the presentation and models of establishing option prices, improved in order to reflect the specific circumstances of the issuer.

2.26 Business combinations

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group in accordance with IFRS 3. The acquisition date is the date on which the Group obtains control over the acquired business.

The cost of the business combination is determined by the aggregation of:

- The fair value of the transferred assets on the acquisition date, the liabilities incurred or assumed and the equity instruments emitted.

- The fair value of any of the contingent considerations depends on the future events or the compliance with the predetermined conditions.

Costs related with the emission of equity instruments or financial liabilities exchanged for the acquired assets are not part of the combination costs.

Additionally, fees paid to legal advisors or other professionals that have intervened in the combination, and the expenses generated internally with the same nature, are not considered part of the combination costs. Instead, these costs are directly attributed to the income statement.

If the business combination is done in different stages, in such a way that before the acquisition date (obtaining the effective control) it already existed an investment, goodwill or the negative difference will be obtained by computing the difference between:

- The cost of the business combination, plus the fair value on the acquisition date of any previous share of the acquiring company in the acquired company, and

- The value of the identifiable acquired assets minus the liabilities assumed, determined according to what was indicated previously.

Any profit or loss incurred as a consequence of the valuation at fair value on the date in which effective control is obtained over the shares of the acquired company, will be recognized in the consolidated income statement. If the investment has been valued previously according to its fair value, the valuation adjustments pending to be included in the year's result will be transferred into the income statement. On the other hand, it is presumed that the cost of the business combination is the best reference point to estimate the fair value on the acquisition date of any previously issued share.

If the combination difference happened to be negative, it would be registered in the income statement as an income.

If at the closing date of the year in which the combination takes place the valuation processes needed to apply the acquisition method described above had not been concluded, this accounting entry would be considered provisional, thus future adjustments on the provisional values would be allowed during the period it took to acquire the required information, which under no circumstances can be more than a year. The effects of the adjustments done during this period will be accounted for retroactively, modifying the comparative information if needed.

The subsequent changes in the fair value of the contingent consideration will be adjusted against results, unless such consideration has been classified as net equity in which case its further changes on fair value will not be recognized.

If after taking the efficient control sales transactions take place or subsidiary shares are bought without losing it, the impact of these transactions without changes in control will be accounted as net equity and will not modify the value of the consolidated goodwill.

NOTE 3 – REGULATORY FRAMEWORK

New regulations in the energy sector

1) European Regulatory Environment

Beginning from 2018, a large proportion of the European legislation concerning energy has been revised, and agreements have been made which will define the European energy regulations for the 2030 and 2050 frameworks. In this regard, an exhaustive regulatory framework has been developed for the purpose of progressing in the energy transition, meeting the goals of the Paris Agreement, make the EU into a global leader in renewable energy matters, establish the "energy efficiency first principle" and contribute to modernise the European economy and industry.

The European legislation in the year 2022 focused primarily on adopting urgent measures concerning the increased energy prices, consequence mainly of the war in Ukraine, and on reducing its impact on the consumers. Therefore, in the months of March and May, in connection with the war in Ukraine, the European Commission published new Communications known as "REPowerEU Plan" featuring measures to mitigate the impact of the energy prices and eliminate the energy dependence from Russia, and which revises again a great part of the legislative initiatives included in the Fit for 55 package:

A. Communication from the Commission COM/2022/108 of 8 March 2022 on the proposition of the REPowerEU Plan, which establishes actions for increasing the production of ecological energy, diversifying the supplies and reducing the demand, with special attention to Russian natural gas, following the Crisis of the war in Ukraine.

B. Communication from the Commission COM/2022/230 of 18 May 2022 on REPower Plan, which recommends a set of measures in order to reduce the dependence on Russian fossil fuels by fast forwarding the energy transition towards clean energy in Europe.

The plan includes a series of measures grouped around three main functions: i) saving energy, ii) diversification of natural gas suppliers and iii) accelerated deployment of renewable energy in order to substitute the use of fossil fuels in the households, the industry and electricity production.

Moreover, with the aim of ensuring supplies of natural gas during winter affected by possible interruptions of supply from Russia, on 29 June Regulation (EU) 2022/1032 was published increasing the targets of underground storage of natural gas up to 80% by 1 November 2022 and establishing the target of 90% for the following years.

In August, Council Regulation (EU) 2022/1369 on coordinated demand-reduction measures for gas was approved, establishing a voluntary consumption reduction target of 15% (in Spain 7%) for the period of 1 August 2022 to 31 March 2023, though declaration of a Union alert may trigger a mandatory application of these measures.

Continuing with the measures of energy saving, Regulation (EU) 2022/1854 was approved concerning an emergency intervention to address high energy prices, establishing voluntary electricity consumption reduction targets of 10% of total gross electricity consumption and mandatory of 5% during peak hours, setting the cap at €180/MWh for the inframarginal generation, allowing the Member States to reduce this maximum price. It also features solidarity fees for the fossil fuel sector, allowing also the Member States to adopt equivalent measures if published before 31 December 2022, this alternative being used by Spain through the emergency approval of a draft law establishing a temporary charge on the energy sector, as explained in the following paragraph.

Ultimately, on 19 December 2022 several Council Regulations were approved in extraordinary procedure and within the context of the energy price crisis and the war in Ukraine, featuring the following measures:

- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchase, reliable price benchmarks and exchanges of gas across borders: includes the rules of demand aggregation and joint purchasing on the markets, establishes the mechanisms for infrastructure de-congestion, creates a new European LNG indicator, adds new reporting obligations and establishes new cross-border solidarity measures for the case when the European Commission should declare a state of emergency due to severe gas shortage.

- Council Regulation (EU) 2022/2577 of 22 December 2022 laying down a framework to accelerate the deployment or renewable energy: features short-term measures directed to renewable energy facilities in all the Member States, entering into force on 23 December 2022 and being applicable from that date through the following 18 months.

- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices of gas and setting a dynamic cap to the price of futures on regulated markets; the Regulation will be applicable during one year beginning on 15 February 2023.

2) Energy sector regulation in Spain

The energy sector legislation in Spain was amended in 2013 through the publication of Law 24/2013 of 26 December 2013, on Electricity Sector, which adapted the previous regulation (Law 54/1997 of 27 November 1997) to the circumstances of the economy as well as of the electricity and energy sector in Spain.

The main features of the electricity sector are as follows:

- It is a sector in which regulated and non-regulated activities coexist, the regulated activities involving electricity transport and distribution (as well as the system operations), and the non-regulated activities involve production and retail of electricity.

- The law establishes the principle of economic and financial sustainability of the electricity system, to which the Administration and other entities should adjust their procedures, and according to which any regulatory measure related to the sector, the implementation of which would involve an increase of costs of the electricity system or a reduction of income, should incorporate an equivalent reduction of other costs or an equivalent increase of income in order to guarantee the stability of the system.

- It also limits the imbalance caused by a deficit of income so that its amount must not exceed 2 percent of the estimated income for the year and the accumulated debt due to imbalance must not exceed 5 percent of such income.

The income of the electricity sector comes from the connection fees, which are the same throughout the national territory and are collected by the distributors acting as collection agents of the electricity system, and other regulated prices, specific fiscal measures and, exceptionally, from certain amounts provided by the General State Budget.

With regard to the electricity price, its main components are the following:

- Connection fees
- Cost of energy: Cost of commodity purchase.
- Capacity payments: Supply guarantee cost.
- System operator cost: The amount collected by Red Eléctrica de España in order to maintain the balance between production and demand.
- Marketing margin.
- Taxes: Municipal tax.
- Transmission and distribution losses: Adjustments by the System Operator for electricity transmission and distribution losses.

Moreover, on 13 May 2021 the Congress of Deputies approved the Law on Climate Change and Energy Transition (LCCYTE) whose object is to achieve climate neutrality by 2050 or, in any case, in the shortest possible term. It also establishes targets for 2030:

- Reduction of the emissions by 23% compared to 1990.
- 42% of renewable energy in the final energy consumption.
- Electricity system with 74% of production from renewable sources.
- Improved energy efficiency by 39.5% from the baseline.

The main regulatory amendments to the Spanish energy sector, published in the BOE throughout the year 2022, involve the following:

- Order TED/220/2022, of 16 March, establishing the obligations to contribute to the National Fund of Energy Efficiency in the year 2022.

- Royal Decree-Law 6/2022, of 29 March 2022, adopting urgent measures as part of the National Plan addressing the economic and social consequences of the war in Ukraine in order to mitigate the impact of the current situation, which includes, among others, the extension until June 2022 of the fiscal measures related to the 5% VAT rate on electricity, the temporary exemption from the Electricity Production Value Tax (IVPEE) of 7%), the reduced rate of 0.5% of the Excise Duty on Electricity (IEE), and the the applicable electricity subsidy (Bono Social), the extension of the gas rate, and the modification of the RECORE system, as well as the simplification of the license granting process for renewable energy projects.

- Royal Decree-Law 10/2022, of 13 May 2022, establishing temporary mechanism of adjusting the production costs in order to reduce the price of electricity on the wholesale market. The law establishes a regulatory instrument, whose object is to reduce marginal pricing of electricity on the wholesale markets of the Iberian Peninsula and, ultimately, to stimulate the reduction of retail prices paid by all the end consumers of electricity. This measure implies that the natural gas, coal and cogeneration plants without regulated remuneration will receive a subsidy for the difference between the price of gas in MIBGAS and the reference price of €40/MWh during the first six months, which will be increased by €5/MWh up to €70/MWh (an average of €48.8/MWh). Moreover, the RDL includes the following three regulations: 1) a revision of the PVPC before 1 October 2022 incorporating a basket of term contracts (annual, quarterly and monthly) and of spot contracts (day and intraday), 2) a revision of the indexation of the economic system of renewables, cogeneration and waste in order to bring liquidity to the PVPC, and 3) with regard to the financing of the electricity subsidy (Bono social), a regulation is

established to record within the maximum term of 6 months the cost of financing the entities which carry out regulated activities.

- Order PCM/466/2022, of 25 May 2022, publishing the Resolution of the Council of Ministers of 24 May 2022, which approves the plan of energy saving and efficiency measures to be taken by the General State Administration and the institutional public sector in line with the communications of the European Commission with regard to the REPowerEU Plan.

- Royal Decree-Law 11/2022, of 25 June 2022, which extends the suspension of the fiscal and social measures and gas reduction mechanism previously prolonged until June 2022 by Royal Decree 6/2022, until 31 December 2022 in order to address the economic and social consequences of the War in Ukraine, as well as in order to tackle social and economic vulnerability situations and support social and economic recovery of the island of La Palma, among other adopted measures.

- Royal Decree-Law 14/2022 of 1 August 2022, concerning economy sustainability measures in the area of transport, on scholarships and study aid, as well as energy saving and efficiency and the reduction of energy dependence on natural gas, is an amendment to RD 244/2019 of 5 April 2019, regulating the administrative, technical and economic terms of electricity self-consumption. The amendment establishes the retailer invoice components, including the period of permanence in the self-consumption modality and the definition and calculation of the component of the discount for delay in self-consumption activation and its inclusion in the invoice and a possible transfer of this cost from the distribution company to the retailer, among other stipulations.

- Resolution of 15 September 2022 of the National Commission of Markets and Competition, which amends the procedure of the operation 14.3 adjusting the calculation of the guarantees to use the measurement figures which are the most precise at any given time and avoid the simultaneous requirement of guarantees aimed at a similar calculation.

- Royal Decree-Law 17/2022 of 20 September 2022, adopting urgent measures in the energy sector, applying the remunerative system to the cogeneration plants and temporarily reducing the rate of the Added Value Tax applicable at 5% to the intra-community deliveries, imports and purchases of natural gas and other fuels, effective as of 1 October 2022 and applicable till 31 December 2022.

- Royal Decree-Law 18/2022 of 18 October 2022, approving measures for the reinforcement of the energy consumer protection and contribution to the reduction of natural gas consumption in application of the "Plan + energy security (+SE)", as well as measures in the area of remunerations to the civil servants and employees in the public sector and for the protection of agriculture sector workers possibly affected by the drought. The same regulation adopts 18 out of 73 measures of the Plan +SE, particularly those aimed to mitigate the effects of the current energy crisis on businesses as well as on citizens in the short term, along with the measures focused on accelerating the energy transition. In order to accelerate the energy transition and boost the self-consumption, the regulation introduces changes to the access and connection for a speedy delivery of energy to the power grid, extends till 31 December 2023 the mechanism for the reduction the surplus of remuneration to the electricity market due to the increased price of natural gas on international markets, introduced the previous year under Royal Decree-Law 17/2021 of 14 September 2021. Moreover, it establishes a temporary measure of a more flexible approach to the electricity supply contracts (measure 49 of the Plan +SE), which allows, until 31 December 2023, that the electricity supply points of self-employed and businesses to request a change in the contracted power.

- Order TED/1232/2022, of 2 December, was published in the BOE, updating the remunerative parameters of the type plants, applicable to certain plants of electricity production from renewable energy sources, cogeneration and waste materials, to be applied in the year 2022.

- Royal Decree 20/2022 of 27 December 2022, on measures addressing the economic and social consequences of the War in Ukraine and support for the reconstruction of La Palma island and other instances of vulnerability, which extends until 31 December 2023 the measures involving the application of the tax rate of 0.5% of the IEE and IVPEE taxes.

3) Energy sector regulations in other countries where the Group operates

The main regulatory amendments to the energy sector in other countries where the Group operates, introduced throughout the year 2022, involve the following:

- In Poland the Law of 26 of January 2022 on special measures for the protection of fuel gas consumers introduced the "Anti-inflation Shield", which entered into force on 1 February 2022. This measure applies, upon request, a compensatory tariff to certain groups of consumers, calculated on the basis of the sum of the real cost of fuel purchase and the advance compensation corresponding to the month following the compensation request, and has caused a reduction of the tariffs applied by the energy companies which operate in the gaseous fuels retail sector.

  Additionally, the Polish government approved the Law reducing the price of natural gas for household consumption and public services until the end of 2027 and granting to the Polish Energy Regulation Office the power to regulate the prices to consumers. Similarly, and with regard to electricity, at the end of the year the Law on Emergency Measures was approved in order to reduce the electricity prices and support certain consumers, including measures to be applied in 2022 and 2023. Among these provisions there is one adopting a mechanism, which establishes the maximum price of PLN 785/MWh applicable from 1 December 2022 for the period of one year to certain taxpayers from the SME sector, as well as the payment by the retailers of a windfall tax on extraordinary income, enabling them also to request a compensation of such payment. The latter mechanism is devised in a way allowing the Group to operate with a margin of 3%.

  Moreover, on 25 November the government announced that in 2023 the price of natural gas applied in 2022 would be maintained for household consumers, and the VAT would be introduced from 2023 on, the tax not being applied currently due to the already mentioned "Anti-inflation Shield" programme, without prejudice to the possibility for the beneficiaries of the subsidy for low income of requesting the repayment of the amount of the tax "while they remain within the threshold".

- In Germany, since 1 October 2022 a temporary reduction of the VAT on natural gas is applied, cutting the tax rate from 19% to 7% in order to mitigate the costs which the households and businesses must bear as a consequence of the price increase of this year. Moreover, in November the German government announced a package of measures, including the provision that the government itself should cover the cost of the natural gas invoice of the end consumers, which will be implemented in March 2023 with retroactive effect from February, a cap on the price of natural gas for households and SMEs at EUR 0.12 per kilowatt/hour and, in the case of heating, of EUR 0.095 per kilowatt/hour, applicable until 30 April 2024.

- In Hungary the government adopted and published on 4 Jun 2022 Decree no. 197/2022 (4.VI.) in the Official State Gazette no. 2022/93 the detailed regulations on the new extraordinary taxes and other connected changes which affect the energy sector and entered into force on 1 July 2022, among which there is an increase of the electricity fee from HUF 310.5/MWh to HUF 358.5 MW/h, applicable to those who already are the payers of the "Robin Hood" fee. This last charge, applicable to the electricity retailers and included in the governmental decree 496/2022 (XII.7), is raised from 31% to 41% beginning on 1 January 2023. Moreover, the distribution fee applied from 1 July 2022 by Annex 1 to government decision 2430/2022 was cancelled in accordance with the provisions of Annex B to Decision H 3808/2022 applicable from 1 January 2023.

- In the Netherlands in the last two months of the year Law "Tijdelijke Overbruggingsregeling Tegemoetkoming Energieprijzen Kleinverbruikers" became applicable, requiring the energy companies to pay EUR 190 to each household with electricity connexion. Moreover, the regulation "Prijsplafondregeling" becomes applicable from 2023, establishing the energy price cap. It fixes a maximum price per kilowatt hour of electricity up to the maximum consumption of 2.9 kWh, and a maximum price per 1.2 m3 of natural gas, also up to a maximum consumption, above which a price will be applicable according to the agreement between the households and the energy company (the contract price). The possible loss resulting from the difference between this maximum price and the contract price may be requested from the Dutch government.

- In Italy, on 29 December 2022 the Italian Parliament approved the State Budget Act for 2023, which comes into force in general on 1 January 2023 and establishes various fiscal measures, among which there is a special tax called "solidarity fee" applicable only in 2023 to the businesses which obtained at least 75% of their income for the fiscal year 2022 from one of the following activities: production, import or retail of electricity or natural gas, among others. The fee is applicable at a rate of 50% on the part of the business income calculated for the fiscal year 2022 exceeding by at least 10% the average income of the four previous years before 2022 (if the average is negative, the base is supposed to be zero). This special contribution should not in any case exceed 25% of the amount of equity as at 31 December 2021 (in the case of business of calendar year) and shall be paid before 30 June 2023.

NOTE 4 – SEGMENT REPORTING

The Group discloses financial information by segments in accordance with IFRS 8, identifying its operating segments on the basis of their important economic indicators and features, which are regularly reviewed and evaluated in the process of decision making. The conclusions are used in the areas of allocation of resources and evaluation of performance in each operating segment.

Although the results of the generation and retail, as well as their economic features, could be different, the fact that the Group follows its strategy of vertical integration of both business lines by, for example, developing its own generation facilities, as well as protecting the prices through power supply agreements, justifies that, at the operating segment level, both business lines are joined.

Therefore, the Group presents the information by geographical segments according to the criterion of the Management of the Group concerning organisation by geographical regions. Each of them constitutes a different business with its own organisational structure in order to evaluate its level of goal achievement.

The main geographical segments of the Audax Renovables Group are the following:

- Spain and Portugal
- Rest of World: corresponds to Italy, Poland, Germany, the Netherlands, France, Panama and Hungary.

Profit and loss by segment as defined above for the years ended on 31 December 2022 and 2021 is as follows:

31 December 2022	Spain and Portugal	Rest of World (1)	Total
Ordinary income	1,259,241	1,366,652	**2,625,893**
Procurement	(1,174,340)	(1,314,826)	**(2,489,166)**
Other operating income	3,957	3,133	**7,090**
Operating expenses and remunerations	(52,731)	(39,422)	**(92,153)**
Amortisation and depreciation	(10,472)	(11,377)	**(21,849)**
Impairment and profit (loss) on disposal of fixed assets	(616)	3,094	**2,478**
Negative consolidation differences	-	-	**-**
Operating profit (loss)	25,039	7,254	**32,293**
Financial profit (loss)	(20,989)	(1,683)	**(22,672)**
Participation in the profit (loss) of associates	-	2,953	**2,953**
Income before tax	4,050	8,524	**12,574**
Corporate income tax	(694)	(4,112)	**(4,806)**
Consolidated profit (loss) for the year	3,356	4,412	**7,768**
a) Profit (loss) attributable to the parent company			**3,539**
b) Profit (loss) attributable to non-controlling interests			**4,229**

Rest of World (1) includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

31 December 2021*	Spain and Portugal	Rest of World (1)	Total
Ordinary income	1,046,102	632,462	**1,678,564**
Procurement	(979,466)	(581,763)	**(1,561,229)**
Other operating income	2,761	2,579	**5,340**
Operating expenses and remunerations	(43,855)	(31,808)	**(75,663)**
Amortisation and depreciation	(9,994)	(11,974)	**(21,968)**
Impairment and profit (loss) on disposal of fixed assets	-	(153)	**(153)**
Negative consolidation differences	-	-	**-**
Operating profit (loss)	15,548	9,343	**24,891**
Financial profit (loss)	(26,081)	(374)	**(26,455)**
Participation in the profit (loss) of associates	-	(57)	**(57)**
Income before tax	(10,533)	8,912	**(1,621)**
Corporate income tax	1,582	(3,274)	**(1,692)**
Consolidated profit (loss) for the year	(8,951)	5,638	**(3,313)**
a) Profit (loss) attributable to the parent company	-	-	**(1,720)**
b) Profit (loss) attributable to non-controlling interests			**(1,593)**

Rest of World (1) includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system (Note 2)

The breakdown of ordinary income by country is the following:

	31.12.2022	31.12.2021*
Spain and Portugal	**1,259,241**	**1,046,102**
Spain	1,101,172	896,108
Portugal	158,069	149,994
Rest of World	**1,366,652**	**632,462**
The Netherlands	350,299	123,251
Italy	159,119	90,502
Poland	41,013	26,954
Germany	9,783	19,635
France	1,829	2,778
Hungary	804,609	369,342
Total ordinary income	**2,625,893**	**1,678,564**

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system (Note 2)

The breakdown of non-current assets, without financial assets and deferred tax assets, by segment and by country, is as follows:

	31.12.2022	31.12.2021
Spain and Portugal	**312,077**	**283,931**
Spain	288,038	260,127
Portugal	24,039	23,804
Rest of world	**180,807**	**181,306**
France	8,320	9,076
Italy	10,585	10,299
Germany	239	110
Poland	36,060	35,337
The Netherlands	108,317	114,547
Hungary	7,443	5,085
Panama	9,843	6,852
Total Non-current assets	**492,884**	**465,237**

NOTE 5 – INTANGIBLE ASSETS

The movements for the years ended on 31 December 2022 and 2021 in the accounts under intangible assets have been as follows:

	Goodwill	Other intangible assets	Total intangible assets
Net book value at 31.12.2020	**137,942**	**159,487**	**297,429**
Investment	-	17,950	17,950
Additions to scope (Note 2)	-	41,084	41,084
Amortisation charge	-	(17,017)	(17,017)
Derecognitions	-	(1,423)	(1,423)
Other movements	-	-	-
Translation differences	-	(33)	(33)
Net book value at 31.12.2021	**137,942**	**200,048**	**337,990**
Cost	137,942	268,926	406,868
Accumulated amortisation	-	(68,878)	(68,878)
Net book value at 31.12.2021	**137,942**	**200,048**	**337,990**
Investment	-	16,053	16,053
Additions to scope (Note 2)	-	2,684	2,684
Amortisation charge	-	(16,039)	(16,039)
Derecognitions	-	(1,519)	(1,519)
Other movements (Note 6)	-	1,249	1,249
Translation differences	(140)	(441)	(581)
Net book value at 31.12.2022	**137,802**	**202,035**	**339,837**
Cost	137,802	284,493	422,295
Accumulated amortisation	-	(82,458)	(82,458)
Net book value at 31.12.2022	**137,802**	**202,035**	**339,837**

The breakdown of the movements of intangible assets itemised by different classes is as follows:

	31.12.2021								31.12.2022		
	Gross value	Accumulated amortisation	Net book value	Investment	Additions to the scope	Amortisation charge	Derecognitions	Translation differences	31/12/2020	Gross value	Accumulated amortisation	Net book value
Rights, licences and similar	131,852	(1,257)	130,595	-	2,684	1,249	(746)	(782)	-	135,003	(2,003)	133,000
Industrial property, patents, trademarks and similar	2,494	(1,220)	1,274	5,113	-	-	(225)	-	-	7,607	(1,445)	6,162
Trademarks of indefinite useful life	21,266	-	21,266	-	-	-	-	-	-	21,266	-	21,266
Right of use (IFRS 16)	19,908	(3,644)	16,264	5,753	-	-	(1,902)	-	(180)	25,481	(5,546)	19,935
Computer software	20,816	(14,034)	6,782	2,038	-	-	(2,577)	811	(261)	19,426	(14,152)	5,274
Client portfolio	72,350	(48,724)	23,626	3,149	-	-	(10,588)	-	-	75,499	(59,312)	16,187
Advance and other intangible assets	240	-	240	-	-	-	-	(29)	-	211	-	211
TOTAL	**268,926**	**(68,878)**	**200,048**	**16,053**	**2,684**	**(1,249)**	**16,039**	**-**	**(441)**	**284,493**	**82,458**	**202,035**

	01.01.21								31.12.2021		
	Gross value	Accumulated amortisation	Net book value	Investment	Additions to the scope	Amortisation charge	Derecognitions	Translation differences	31/12/2020	Gross value	Accumulated amortisation	Net book value
Rights, licences and similar	91,288	(910)	90,378	-	41,084	(347)	(520)	-	130,595	131,852	(1,257)	130,595
Industrial property, patents, trademarks and similar	2,557	(1,040)	1,517	-	-	(180)	(63)	-	1,274	2,494	(1,220)	1,274
Trademarks of indefinite useful life	21,266	-	21,266	-	-	-	-	-	21,266	21,266	-	21,266
Right of use (IFRS 16)	11,567	(2,339)	9,228	8,354	-	(1,305)	-	(13)	16,264	19,908	(3,644)	16,264
Computer software	16,727	(10,884)	5,843	4,949	-	(3,150)	(840)	(20)	6,782	20,816	(14,034)	6,782
Client portfolio	67,901	(36,688)	31,213	4,449	-	(12,036)	-	-	23,626	72,350	(48,724)	23,626
Advance and other intangible assets	42	-	42	198	-	-	-	-	240	240	-	240
TOTAL	**211,348**	**(51,861)**	**159,487**	**17,950**	**41,084**	**(17,017)**	**(1,423)**	**(33)**	**200,048**	**268,926**	**(68,878)**	**200,048**

The recognitions from investment in intangible assets relate primarily to the development and implementation of a set of computer software, as well as to lease rights in connection with the application of IFRS 16 to certain customer acquisition costs.

Additions to scope in 2022 correspond to the incorporation to the Group of the companies Ulises Power, S.L., Zeus Power, S.L., Hera Power, S.L., Juno Power, S.L. Diana Power, S.L. and Atlas Power, S.L. (Note 2). The additions in the same period of six months in the year 2021 corresponded mainly to the incorporation of a set of companies involved in the development of solar power stations.

Rights, licences and similar include mainly a set of rights, licences and authorisations related to the development, construction and exploitation of energy generation projects.

The recognition corresponding to the client portfolio includes the client acquisition cost as described in Note 2.23, which is amortised during the expected average life of the client.

Translation differences include, basically, the impact of the valuation of the assets belonging to the investments made in Poland. Over the year 2022, the negative impact was mainly due to the depreciation of the Polish zloty and the Hungarian forint.

As at 31 December 2022 the intangible assets still in use and completely amortised amount to EUR 18,938 thousand (EUR 5,257 thousand at 31 December 2021).

Goodwill

The breakdown of goodwill by country is as follows:

	31.12.2022	31.12.2021
Spain and Portugal		
Spain	40,088	40,088
Rest of world		
France	860	860
The Netherlands	94,391	94,391
Poland	2,459	2,599
Italy	4	4
TOTAL	**137,802**	**137,942**

Other intangible assets.

The breakdown of intangible assets by country is as follows:

	31.12.2022	31.12.2021
Spain and Portugal		
Spain	149,187	142,961
Portugal	21,338	21,338
Rest of world		
France	2,179	2,387
Italy	7,449	7,544
Germany	233	107
The Netherlands	12,714	18,788
Poland	1,863	2,055
Hungary	7,072	4,868
TOTAL	**202,035**	**200,048**

The breakdown of goodwill and intangible assets of indefinite useful life as at 31 December 2022 and 31 December 2021 classified by country is the following:

	31.12.2022			31.12.2021		
EUR thousands	**Goodwill**	**Other intangible assets**	**Total**	**Goodwill**	**Other intangible assets**	**Total**
Spain	40,088	20,816	60,904	40,088	20,816	60,904
France	860	-	860	860	-	860
The Netherlands	94,391	-	94,391	94,391	-	94,391
Poland	2,459	-	2,459	2,599	-	2,599
Italy	4	450	454	4	450	454
TOTAL	**137,802**	**21,266**	**159,068**	**137,942**	**21,266**	**159,208**

Other intangible assets of definite useful life relate to acquired trademarks.

Impairment test of assets and profit or loss from disposal of fixed assets:

The Audax Renovables Group has conducted impairment tests using cash flow projections in order to determine recoverable amount. The impairment tests were carried out on 31 December 2022 and on 31 December 2021, and it was necessary at 31 December 2022 to carry out a reversal of the provision for tangible assets amounting to EUR 3,172 thousand (it was not necessary to record impairment or reversal of the provision in 2021).

As a consequence of the improved forecasts of long-term energy sale market prices in Poland, as well as due to the revision of various key assumptions, there is an increase of the recoverable amount of the Postolin wind farm owned by the Group in Poland, which has led to a reversal of impairment of tangible assets of EUR 3,172 thousand.

Determination of the Cash-Generating Units (CGU)

In order to carry out the impairment tests, the goodwill and the intangible and tangible assets have been allocated to the cash-generating unit (CGU) of the Group according to the kind of business that represents the lowest level to which the goodwill is allocated and is subject to internal control by the management of the Group.

For the purpose of identifying the CGUs, the generation business and the retailing business are considered as different CGUs.

As at 31 December 2022, the identified Cash-Generating Units (CGUs) are as follows:

- Cash-Generating Units of Generation of France, Spain and Poland.
- Cash-Generation Units of Retailing of Italy, the Netherlands, Hungary, Germany, Spain and Poland.

The group of assets considered in the CGUs specified before has not changed since the previous estimation of its recoverable value made in 2021.

The recoverable amount of a CGU is determined as the greater of the fair value less the costs of sale and the value in use. In order to calculate the latter, the Group uses cash flow projections based on financial estimates for a minimum period of five years. The cash flows beyond the period of five years are extrapolated using reasonable increase rates, which are never rising or exceeding the increase rates for the sector.

These flows are discounted in order to calculate the current value of a rate before taxes which includes the capital cost of the business and the geographic region in which the business is carried out. Its calculation is made taking into account the current cost of money and the risk premium used generally by the analysts for the business and the geographical area.

In order to calculate the impairment, the right-of-use assets arisen as a consequence of the application of IFRS 16, have been assigned to their relevant CGUs, increasing the book value of each CGU.

Main assumptions used to determine the value in use

a) Discount rate. Discount rates have been calculated using the weighted average cost of capital ("WACC"), on the basis of the following variables:

- The temporal value of the money or risk-free rate of each country corresponding to the profitability of 35- to 40-year Government bonds.

- The estimated risk premium considering the estimated betas of comparable companies of the sector and a market risk premium, which are after-tax observable variables.

The breakdown of the weighted average cost of capital after tax (WACC) resulting from the main geographical segments is as follows:

Year 2022

	2022							
	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
Risk-free discount rate	2.51%	1.37%	1.67%	3.07%	1.07%	2.07%	1.97%	1.07%
Risk premium *	5.17%	5.03%	5.21%	5.32%	5.30%	5.54%	5.36%	5.24%
Capital cost	7.68%	6.40%	6.88%	8.39%	6.37%	7.61%	7.34%	6.31%
Cost of debt	3.63%	3.90%	4.30%	5.15%	3.55%	5.26%	4.49%	3.35%
After-tax weighted average cost of capital**	6.30%	5.22%	5.81%	7.32%	5.40%	6.76%	6.36%	5.31%

Year 2021

	2021							
	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
Risk-free discount rate	1.91%	1.47%	1.77%	3.17%	1.17%	2.17%	2.07%	1.17%
Risk premium *	5.18%	5.62%	5.27%	5.19%	5.17%	5.47%	5.25%	5.08%
Capital cost	7.09%	7.09%	7.04%	8.36%	6.34%	7.64%	7.32%	6.25%
Cost of debt	2.04%	2.22%	2.69%	3.81%	2.26%	3.66%	3.10%	2.11%
After-tax weighted average cost of capital**	5.12%	4.54%	5.37%	6.89%	5.03%	6.35%	5.95%	4.92%

* The estimated risk premium is the result of multiplying the estimated beta (sector companies average) by the market risk premium.

** Because the sources of information consulted to obtain the parameters used for the calculation of the discount rate do not offer data before taxes, the Group uses discount rates after taxes. Consequently, and to maintain the coherency of the discount rate with the methodology of calculation of the planned flows, the payment of taxes was taken into account.

The Group uses after-tax weighted average cost of capital differentiated between generation and retail (WACC). The geographical segments of Italy, the Netherlands, Hungary and Germany are exclusively of energy retail, and the geographical segment of France refers exclusively to energy generation. As a consequence, only the geographical segments of Spain and Poland include the segments of energy generation and retailing. However, the variation between the WACC of both segments is not significant and does not involve significant impacts on the impairment test results.

b) Prices: The sale prices of electricity have been estimated on the basis of past experience, external sources of information as well as observable data from the market regarding future prices. For countries in which there are framework agreements on prices, such as Poland and France, the agreed-upon price has been used. An annual increase in prices has been estimated in accordance with the regulatory framework of each one of the countries.

c) Production hours of generation plants: the production hours employed in the calculation of the impairment test have been based, for the operating generation plants, on the average of the historical value of the hours employed in former years (eliminating those years that appear as outliers because of high or low wind levels).

d) Gross margin and growth rates: the Group has determined the gross margin budgeted based on past return and market development expectations. The weighted average growth rates are coherent with the estimates included in the industry reports.

e) With regard to the farms under development, the Group refers to the valuation report prepared by the independent firm E&Y, which sustains the book value of the current portfolio in accordance with the milestones set out in RDL 23/2020.

In addition to the assumptions set out above, the Managers of the Company have taken into account in the preparation of the calculations of recoverable value other business assumptions that are relevant, such as:

- Estimated life of the projects: In order to determine the number of years to plan in the segment of energy generation, the estimated useful life of the generating equipment, which is of 25 years for wind farms and of up to 35 years for solar farms, has been taken as a reference point.

In regard to the CGUs of energy retailing, cash flows have been planned for the period of 5 years, including residual or terminal values.

- Operating expenses: For future years, the operating expenses have been estimated on the basis of past experience and by applying an estimated inflation rate. The projection of operating expenses does not include lease payments affected by IFRS 16.

- Increase rates: For production projections in the wind generation segment the estimated production hours were used without projecting any increase. Regarding prices, these are also estimated on the basis of past experience and external information sources, with an increase according to the regulatory framework of each country. With regard to the projections in the energy retailing segment, the volume increase rates have been estimated both for the projected period and for residual values of between 1% and 3%. The percentages of the residual value over the total recoverable amount for the main retail CGUs (Cash Generating Units) with goodwill or intangible assets of indefinite life are as follows:

Year	Spain	The Netherlands	Poland	Italy	Germany
2022	78%	67%	86%	75%	88%
2021	73%	58%	90%	70%	60%

With regard to the photovoltaic projects located in Spain, acquired from Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) on 8 May 2019, on 30 December 2020 and on 28 May 2021, as well as the portfolio of photovoltaic projects located in Portugal, acquired on 25 May 2021 from Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L., and the portfolio of photovoltaic projects acquired from Rocío Servicios Fotovoltaicos, S.L.U.on 11 June 2021, the companies Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L. being subsidiaries of the Excelsior Times group (the Seller), it is necessary to mention that those acquisitions have substitution clauses for failed or infeasible projects, under which the subsidiaries of the Excelsior Times group, if any of the Projects fails to obtain the permits or licenses necessary for its construction and operation, undertake to compensate the Buyer, meaning Audax Renovables, S.A., by substituting said failed or infeasible projects with other energy production projects of solar photovoltaic technology and similar technical and economic features, with the same number of MW or value in MW, and in a stage of procedure similar to the one agreed between the Parties.

The time frame for substituting those failed projects will be within twenty-four plus twelve (24+12) months from the date of the Excelsior Group being notified by Audax of the situation regarding a failed project.

Moreover, a default on the Seller obligation to substitute the failed projects shall involve the obligation of the Seller to reimburse Audax for any amounts paid by Audax to the Excelsior Times Group under the aforementioned purchase and sale agreements, as well as for any amounts invested by Audax in the failed or infeasible projects.

Impairment test

Regarding the CGUs, various scenarios of development of the key assumptions have been considered in order to determine the recoverable value of the individual CGU. However, though in the short term the demand and price fluctuations may affect the margin and the generated cash flow, in the medium and long term individual CGUs may obtain sufficient cash flows to justify the book value of their assets.

The differences between the recoverable amount and the carrying amount (i.e. the existing "gap") for all of the energy generation CGUs, obtained through the analysis of impairment in the year 2022 and 2021 are as follows:

Energy generation sector	**31.12.2022**	**31.12.2021**
Spain	9,811	2,114
France	8,157	5,778
Poland	470	-
TOTAL	**18,438**	**7,892**

The difference between the recoverable amount and the carrying amount (i.e. the existing “gap”) for the entirety of the retailing CGUs of significant book value, obtained through the analysis of impairment in the year 2021 and 2020, is as follows:

Energy retailing sector	**31.12.2022**	**31.12.2021**
Spain	+ 100 million	74,859
The Netherlands	87,681	56,448
Poland	43,532	34,519

The book value of the retailing CGUs in Hungary, Germany, Portugal is not significant, nor there is a goodwill assigned to these CGUs, therefore corresponding specific information has not been included.

***Sensitivity analysis*:**

As already mentioned, there are certain assumptions whose variations could significantly affect the recoverable value of the assets subject to the impairment testing, which are the discount rate and the sale prices of electricity.

Sensitivity assumptions

In order to determine a reasonable variation, the group has taken into account the historical changes of its main variables. With this regard, the changes of the discount rates in the last three years have been as follows:

	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
WACCs 2022	6.30%	5.22%	5.81%	7.32%	5.40%	6.76%	6.36%	5.31%
WACCs 2021	5.12%	4.54%	5.37%	6.89%	5.03%	6.35%	5.95%	4.92%
WACCs 2020	5.02%	4.54%	5.19%	6.46%	4.66%	6.29%	-	4.56%
Changes 2022-2021	23.05%	14.98%	8.19%	6.24%	7.36%	6.46%	6.89%	7.93%
Changes 2021-2020	1.99%	0.00%	3.57%	6.66%	7.94%	-	-	7.89%

Therefore, the Group has considered using the rate of change between 10% and 20% in the discount rates.

Moreover, in order to determine the reasonable variation of the energy price, the Group has considered the historical change in recent years, taking into account the price of electricity in Spain, the following variations have been obtained:

	(€/MWh)	variation
2018 price	57.29	-
2019 price	47.68	-16.77%
2020 price	33.96	-28.78%
2021 price	111.39	133.62%
2022 price	167.65	165.67%

Source: annual average of the daily energy market price published by OMIE: https://www.omie.es/

The Group considers that given the price volatility in the last years, the history of price fluctuation is not a reference point for the purpose of making forecasts. Therefore, in order to analyse the sensitivities to the energy price, the Group has taken into consideration a price change between 10% and 50% in the energy sale price.

Keeping in mind the historical volatility of the variables subject to the sensitivity analysis, the Group considers that the use of this change for the entirety of the variables is a good indicator to analyse the impact of reasonably possible changes in these assumptions on the profit or loss.

Generation sensitivity

With regard to the generation sector, the sensitivity of the results to reasonably possible changes in these assumptions, on which the Directors have based their determination of the recoverable amount of the wind farms, differentiated by the different geographic segments is as follows:

Effect on net income (EUR thousands)

		2022	**2021**
Increase of the discount rate of 10%			
	Spain	-	-
	France	-	-
	Poland	-	(577)
	Total	-	(577)
Increase of the discount rate of 20%			
	Spain	(2,498)	-
	France	-	-
	Poland	(374)	(2,004)
	Total	(2,872)	(2,004)
Decrease of the discount rate of 10%			
	Spain	-	-
	France	-	-
	Poland	-	541
	Total	-	541
Decrease of the discount rate of 20%			
	Spain	-	-
	France	-	-
	Poland	-	2,007
	Total	-	2,007

Effect on net income (EUR thousands)		
	2022	**2021**
Increase of the sale price of electricity of 10%		
Spain	-	-
France	-	-
Poland	-	580
Total	**-**	**580**
Increase of the sale price of electricity of 50%		
Spain	-	-
France	-	-
Poland	-	3,286
Total	**-**	**3,286**
Decrease of the sale price of electricity of 10%		
Spain	-	-
France	-	-
Poland	(2,409)	(580)
Total	**(2,830)**	**(580)**
Decrease of the sale price of electricity of 50%		
Spain	(12,287)	(6,974)
France	-	(482)
Poland	(5,289)	(9,851)
Total	**(32,490)**	**(17,307)**

Retailing sensitivity

The recovery amount of the retailing segment CGUs is greater than the net carrying value of its net assets, and changes of fair value in the assumptions would not involve impacts on the impairment of these assets. Therefore, the decrease of the recoverable amount or decrease of the gaps in the situation of increase of the discount rates as at 31 December 2022 and 31 December 2021 for the main CGUs would be as follows:

	2022	**2021**
Increase of the discount rate of 10%		
Spain	(54,468)	(8,611)
The Netherlands	(10,300)	(14,990)
Total	(64,768)	(23,601)
Increase of the discount rate of 20%		
Spain	(97,299)	(15,247)
The Netherlands	(20,600)	(29,981)
Total	(117,899)	(45,228)

The gaps between the recoverable amount and the carrying amount of the retailing CGUs are sufficiently wide, as may be observed in the previous table, in order to prevent a reasonable change of the key assumptions from involving a need to record an impairment.

The book value of the retailing CGUs in Hungary, Germany, Italy, Poland and Portugal is not significant, therefore corresponding specific information has not been included.

Moreover, the changes considered to be reasonable with regard to the price of electricity and natural gas of up to 50% have been described. Taking into consideration these changes, the conclusion was drawn that there is no reasonably possible risk for the recoverable amount of the retailing CGUs to be lower than their book value. It should be noted that the Group considers that it will have an adequate exposure to risk through, among others, the hedge contracts and long-term power purchase agreements, which mitigate the changes of the recoverable value of each CGU.

The increase rates used by the Group are based on historical assumptions and on internal and external sources of information. After considering these changes, the conclusion has been drawn that the Group would not undergo impairment provision in the face of reasonable changes of the increase rates used or even of 0 increase rates.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The movement in the years 2022 and 2021 in the accounts under Property, plant and equipment has been as follows:

	Total tangible assets
Net book value at 31.12.2020	**87,429**
Additions to scope (Note 2)	5,349
Investment	29,913
Divestment	(186)
Depreciation charge	(4,951)
Translation differences	(354)
Net book value at 31.12.2021	**117,200**
Cost	140,662
Accumulated depreciation	(23,462)
Net book value at 31.12.2021	**117,200**
Additions to scope (Note 2)	3,071
Investment	26,342
Divestment	(2,159)
Depreciation charge	(5,810)
Reversal of impairment	3,172
Transfers (Note 5)	(1,249)
Transfers (Note 5)	(555)
Net book value at 31.12.2022	**140,012**
Cost	169,822
Accumulated depreciation	(29,810)
Net book value at 31.12.2022	**140,012**

The breakdown of the movements of tangible assets itemised by different classes is as follows:

	31.12.2021										31.12.2022		
	Gross value	Accumulated depreciation	Net book value	Additions to the scope	Investment	Divestment	Depreciation charge	Reversal of impairment	Impairment charge	Translation differences	31/12/2021	Gross value	Accumulated depreciation	Net book value
Land	2	-	2	-	-	-	-	-	-	-	2	2	-	2
Structures	1,313	(159)	1,154	-	1,509	-	(128)	-	-	-	2,535	2,822	(287)	2,535
Plant and machinery	76,790	(20,700)	56,090	-	-	-	(4,942)	3,172	34,209	(555)	87,974	114,154	(26,180)	87,974
Equipment, chattels and other fixed assets	9,059	(2,603)	6,456	-	2,685	(2,159)	(740)	-	-	-	6,242	9,585	(3,343)	6,242
Assets under construction and advance payments	53,498	-	53,498	3,071	22,148	-	-	-	(35,458)	-	43,259	43,259	-	43,259
TOTAL	**140,662**	**(23,462)**	**117,200**	**3,071**	**26,342**	**(2,159)**	**(5,810)**	**3,172**	**(1,249)**	**(555)**	**140,012**	**169,822**	**(29,810)**	**140,012**

	01.01.21										31.12.2021		
	Gross value	Accumulated depreciation	Net book value	Additions to the scope	Investment	Divestment	Depreciation charge	Reversal of impairment	Transfers	Translation differences	31/12/2019	Gross value	Accumulated depreciation	Net book value
Land	2	-	2	-	-	-	-	-	-	-	2	2	-	2
Structures	1,181	(258)	923	-	387	(36)	(120)	-	-	-	1,154	1,313	(159)	1,154
Plant and machinery	69,943	(16,449)	53,494	-	-	-	(4,251)	-	7,201	(354)	56,090	76,790	(20,700)	56,090
Equipment, chattels and other fixed assets	8,504	(2,488)	6,016	-	555	(150)	(580)	-	615	-	6,456	9,059	(2,603)	6,456
Assets under construction and advance payments	26,994	-	26,994	5,349	28,971	-	-	-	(7,816)	-	53,498	53,498	-	53,498
TOTAL	**106,624**	**(19,195)**	**87,429**	**5,349**	**29,913**	**(186)**	**(4,951)**	**-**	**-**	**(354)**	**117,200**	**140,662**	**(23,462)**	**117,200**

The recognitions from investment in tangible assets are mainly costs incurred in the development and construction of a set of solar power stations.

Additions to scope in 2022 correspond to the incorporation to the Group of the companies Ulises Power, S.L., Zeus Power, S.L., Hera Power, S.L., Juno Power, S.L. Diana Power, S.L. and Atlas Power, S.L. (Note 2).

Translation differences include, basically, the impact of the valuation of the assets belonging to the investments made in Poland. Over the year 2022, the negative impact was mainly due to the depreciation of the Polish zloty and the Hungarian forint.

Financial expenses capitalised in the year 2022 amounted to EUR 1,344 thousand (EUR 1,671 thousand in the year 2021).

As at 31 December 2022, the Group has commitments for the purchase of fixed assets for the amount of EUR 15,319 thousand, whose payment is expected during 2023 and 2024 (EUR 15,970 thousand as at 31 December 2021, whose payment was estimated between 2022 and 2023).

As at 31 December 2022 there are no payments nor advance payments to suppliers for the construction of fixed assets registered as an increase of value of assets under construction, nor there were such payments as at 31 December 2021.

As at 31 December 2022 the intangible assets still in use and completely depreciated amount to EUR 362 thousand (EUR 352 thousand at 31 December 2021).

For some of the assets associated to the wind farms there are loans from credit entities under the modality of Project Finance, therefore these assets are pledged as collateral of the loans (Note 14).

It is the strategy of the Audax Renovables Group to take out all the insurance policies deemed necessary to cover the exposure of its property, plant and equipment.

The breakdown of tangible assets by country is as follows:

	31.12.2022	31.12.2021
Spain and Portugal		
Spain	95,470	73,787
Portugal	2,701	2,466
Rest of world		
France	5,281	5,829
Italy	3,132	2,751
Germany	6	3
Poland	31,738	30,678
The Netherlands	1,212	1,368
Hungary	371	217
Others	101	101
TOTAL	**140,012**	**117,200**

The Group assesses regularly the existence of indications which might imply possible impairment of tangible assets, in order to verify if the carrying value of said assets exceeds their recoverable amount. Moreover, as indicated in Note 5, the Group verifies, at least once a year, the possible impairment of the CGUs, so in this respect, the majority of tangible assets are subject to this analysis.

NOTE 7 – INVESTMENTS ACCOUNTED FOR BY EQUITY METHOD

The movement in the year 2022 in investments accounted for by the equity method is as follows:

	Balance 31.12.21	Recognition	Participation in profit (loss)	Differences exchange	Balance 31.12.22
Company					
Parque Eólico Toabré S.A.	6,751	-	2,958	34	9,743
Audax Solar SPV XXVII, S.L.	662	-	(1)	-	661
Audax Solar SPV XXVIII, S.L.	662	-	(1)	-	661
Audax Solar SPV XXIX, S.L.	662	-	(1)	-	661
Audax Solar SPV XXX, S.L.	662	-	(1)	-	661
Audax Solar SPV XXXI, S.L.	648	-	-	-	648
Total	**10,047**	**-**	**2,954**	**34**	**13,035**

The movement in the year 2021 in investments accounted for by the equity method is as follows:

	Balance 1.1.21	Recognition	Participation in profit (loss)	Differences exchange	Balance 31.12.21
Company					
Parque Eólico Toabré S.A.	6,665	-	(51)	137	6,751
Audax Solar SPV XXVII, S.L.	-	663	(1)	-	662
Audax Solar SPV XXVIII, S.L.	-	663	(1)	-	662
Audax Solar SPV XXIX, S.L.	-	663	(1)	-	662
Audax Solar SPV XXX, S.L.	-	663	(1)	-	662
Audax Solar SPV XXXI, S.L.	-	649	(1)	-	648
Total	**6,665**	**3,301**	**(56)**	**137**	**10,047**

The recognitions for the year 2021 corresponded to the acquisition of 50% of certain companies (Note 2).

During the year 2022 the company Parque Eólico Toabré, S.A., in which the Group holds 30% of shares, has begun the test stage of energy generation and, therefore, has generated income and profit from the production of the wind farm Toabré of 66 MW.

The most significant information relating to the associated companies and joint ventures consolidated by the equity accounting method is as follows:

	Country	Assets	Liabilities	Income	Result	% Shareholding
At 31.12.22						
Parque Eólico Toabré S.A.	Panama	175,063	163,246	13,713	9,961	30.00%
Audax Solar SPV XXVII, S.L.	Spain	51	51	-	(3)	50.00%
Audax Solar SPV XXVIII, S.L.	Spain	52	52	-	(3)	50.00%
Audax Solar SPV XXIX, S.L.	Spain	51	51	-	(3)	50.00%
Audax Solar SPV XXX, S.L.	Spain	51	51	-	(3)	50.00%
Audax Solar SPV XXXI, S.L.	Spain	46	46	-	(3)	50.00%
Total		**175,314**	**163,497**	**13,713**	**9,946**	

	Country	Assets	Liabilities	Income	Result	% Shareholding
At 31.12.21						
Parque Eólico Toabré S.A.	Panama	133,479	131,660	-	(161)	30.00%
Audax Solar SPV XXVII, S.L.	Spain	49	49	-	(3)	50.00%
Audax Solar SPV XXVIII, S.L.	Spain	49	49	-	(3)	50.00%
Audax Solar SPV XXIX, S.L.	Spain	49	49	-	(3)	50.00%
Audax Solar SPV XXX, S.L.	Spain	49	49	-	(3)	50.00%
Audax Solar SPV XXXI, S.L.	Spain	53	53	-	(3)	50.00%
Total		**133,728**	**131,909**	**-**	**(176)**	

The information on these associated companies and joint ventures has been obtained from their not audited financial statements as at 31 December 2022 and 2021.

All these investments have been recorded by the equity method, considering that the Group has significant influence but does not have control over these companies.

The closures of all these companies coincide with the closure of the parent Company, meaning that they begin their fiscal year on 1 January and end it on 31 December.

As at 31 December 2022 and 2021 none of the associated companies is listed on the stock exchange.

NOTE 8 – FINANCIAL ASSETS

The breakdown of the financial assets by Class and Category is as follows:

	2022			2021		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Assets designated at fair value through profit and loss						
Equity instruments						
Not traded	-	342	**342**	-	1,116	**1,116**
Total	**-**	**342**	**342**	**-**	**1,116**	**1,116**
Financial assets at amortised cost						
Unsecured loans						
Floating rate	-	45	**45**	-	723	**723**
Total	-	45	**45**	-	723	**723**
Trade and other receivables						
Receivables from sales and services	323,583	-	**323,583**	344,448	-	**344,448**
Other receivables	17,948	-	**17,948**	5,633	-	**5,633**
Less impairment	(37,161)	-	**(37,161)**	(30,631)	-	**(30,631)**
Total (Note 10)	304,370	-	**304,370**	319,450	-	**319,450**
Loans to group entities (Note 22)	32,010	46,954	**78,964**	-	50,293	**50,293**
Total	32,010	46,954	**78,964**	-	50,293	**50,293**
Deposits and sureties granted	39,889	20,359	**60,248**	11,265	42,206	**53,471**
Fixed-term deposits	41,318	5,902	**47,220**	73,416	1,507	**74,923**
Other financial assets	2,370	1,650	**4,020**	2,473	-	**2,473**
Total	83,577	27,911	**111,488**	87,154	43,713	**130,867**
Total	**419,957**	**74,910**	**494,867**	**406,604**	**94,729**	**501,333**
Equity instruments at fair value through other comprehensive income						
Traded	976	-	**976**	7,239	-	**7,239**
Hedge derivatives						
Contracted on organised markets (Note 9)	12,902	14,029	**26,931**	25,123	5,969	**31,092**
Total	**13,878**	**14,029**	**27,907**	**32,362**	**5,969**	**38,331**
Total financial assets	**433,835**	**89,281**	**523,116**	**438,966**	**101,814**	**540,780**

Deposits and sureties granted relate to the amounts transferred to the lessors as a guarantee for the existing lease contracts and the amounts paid out as a guarantee for the purpose of operating on the electricity and natural gas market. The amounts are represented at paid out value which does not differ significantly from their fair value.

As at 31 December 2022, the increase of the deposits and sureties granted is mainly due to the increase of guarantees deposited for the purpose of operating on the electricity market as a consequence of the market price increase.

Fixed-term deposits consist mainly of deposits made to different financial institutions which do not yield interest at market interest rate.

The heading Other current financial assets relates primarily to the Debt Service Reserve Account (DSRA) amounting to EUR 2,341 thousand (EUR 2,445 thousand at 31 December 2021) which constitute an additional guarantee for the bank syndicate and are subject to restrictions in application, as is described in Note 14.

Cash flows generated in the account of other financial assets of the Statement of Cash Flows correspond mainly to new investments in fixed-term deposits, to the guarantees deposited for the purpose of operating on the electricity market, and to the loans granted to third parties. With this regard, the acquisition, settlement, renewal or update of various deposits and sureties have been included in the account of payments and collections of investments in Other financial assets of the Cash flow statement, amounting to EUR 39,581 thousand negative and EUR 39,312 thousand, respectively.

AS at 31 December 2022, the financial assets valuation adjustment, without taking into account the impairment of trade receivables, amounts to EUR 56 thousand.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to fluctuations in interest rates since a part of its bank borrowings is made at floating interest rates (Note 17). Therefore, related to its loans, the Group has derivative contracts on variations in Euribor / Wibor interest rates in order to ensure a maximum rate.

Furthermore, the Group entered into hedging contracts as a form of security measure against fluctuations in electricity purchase prices.

As at 31 December 2022 and 31 December 2021 the breakdown of assets and liabilities related to derivative financial instruments is as follows:

	31 December 2022		31 December 2021	
	Non-current	**Current**	**Non-current**	**Current**
Assets arising from derivatives				
Energy price hedges	13,230	12,902	5,765	25,123
Interest rate swaps	799	-	204	-
Total assets	**14,029**	**12,902**	**5,969**	**25,123**
Liabilities arising from derivatives				
Energy price hedges	7,912	13,392	5,241	8,427
Interest rate swaps	-	-	146	-
Total liabilities	**7,912**	**13,392**	**5,387**	**8,427**

The fair value of the different financial instruments is calculated using the cash flow discount valuation method. The assumptions used in these valuation techniques are based on prices of observable, current market transactions of the same instrument, such as, for example, the interest rate.

Therefore, the variables on which the valuation of the hedging derivatives is based in this section can be observed in an official market (Level 2).

Interest rate derivatives

The breakdown of derivative financial instruments as at 31 December 2022 and 31 December 2021, their fair value and the breakdown of cash flows (undiscounted) by maturities of interest rate derivatives as at 31 December 2022 and 31 December 2021, is as follows:

	Stratification of Cash flows (undiscounted)					
	Value	At 31.12.22				
	Fair value	(EUR thousands)				
		2023	2024	2025	2026 and following years	Total
No hedge derivative financial instruments						
Interest rate swaps	799	463	412	185	-	1,060

	Stratification of Cash flows (undiscounted)					
	Value	At 31.12.21				
	Fair value	(EUR thousands)				
		2022	2023	2024	2025 and following years	Total
No hedge derivative financial instruments						
Interest rate swaps	58	202	463	412	185	1,262

The breakdown of notional values by maturity of the interest rate derivatives as at 31 December 2022 and 31 December 2021 is as follows:

	Stratification of notional values				
	At 31.12.22				
	(EUR thousands)				
	2023	2024	2025	2026 and following years	Total
No hedge derivative financial instruments:					
Interest rate swaps	1,265	1,349	685	-	3,299

	Stratification of notional values				
	At 31.12.21				
	(EUR thousands)				
	2022	2023	2024	2025 and following years	Total
No hedge derivative financial instruments:					
Interest rate swaps	2,710	1,369	1,484	754	6,317

All the Group's interest rate derivatives have been considered as held for trading, because not all of them meet the criteria for the application of hedge accounting established in the IFRS-EU standards, and therefore the fluctuations in the fair value are registered in the profit and loss account.

The fixed interest rate hedged by the different financial instruments the Group owns at 31 December 2022 is of 3.14%.

The variables on which the valuation of the derivatives is based in this section can be observed in an official market (Level 2).

Electricity derivatives.

As at 31 December 2022, the Group holds hedge contracts against the risk of electricity price fluctuations, which are mostly clearing house agreements. As at 31 December 2022 the net fair value of these derivative financial instruments is an asset amounting to EUR 4,828 thousand (total asset of EUR 17,220 thousand as at 31 December 2021).

These contracts have been used entirely for the purpose of hedging the price of electricity purchase in the face of possible increase of the market price. There are no hedge derivatives acquired in order to hedge the sale price of electricity or the purchase or sale of natural gas.

The energy price hedge derivatives comply with the IFRS-EU standards for the application of hedge accounting, therefore the changes in the value of these financial instruments are recorded (at the after tax amount) under net equity.

The effect of the cash flow hedge derivatives on the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income for the year 2022 is the following (in EUR thousands):

	2022
Changes to the Fair Value in Other Comprehensive Income	(6,122)
Amount of Other Comprehensive Income reclassified to Income Statement	(3,237)
Total Cash Flow Hedge Derivatives	**(9,359)**

The balances recorded in equity at each date: EUR 9,358 thousand negative at 31 December 2022, EUR 13,362 thousand positive at 31 December 2021 will be or have been transferred to the profit and loss account.

The breakdown of cash flows (undiscounted) by maturity of electricity derivatives as at 31 December 2022 and 31 December 2021 is as follows:

	Stratification of Cash flows (undiscounted)				
	At 31.12.22 (EUR thousands)				
	2023	2024	2025	2026 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	(468)	2,405	(52)	3,798	5,683

	Stratification of Cash flows (undiscounted)				
	At 31.12.21 (EUR thousands)				
	2022	2023	2024	2025 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	16,717	1,768	2,191	(3,901)	16,776

The breakdown of notional values by maturity of the electricity derivatives as at 31 December 2022 and 31 December 2021 is as follows:

	Stratification of notional values				
	At 31.12.22 (MWh thousands)				
	2023	2024	2025	2026 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	(8)	(26)	(18)	281	229

	Stratification of notional values				
	At 31.12.21 (MWh thousands)				
	2022	2023	2024	2025 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	276	44	141	1,098	1,559

NOTE 10 – TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The breakdown of Trade and other receivables is as follows:

	At 31.12.22	At 31.12.21
Clients	323,181	344,111
Trade receivables from group companies	402	337
Other receivables	17,948	5,633
Valuation adjustments for bad debt	(37,161)	(30,631)
Total trade and other receivables	**304,370**	**319,450**

Under the heading of “Trade receivables” the Group puts mainly the invoicing amounts corresponding to the months of November and December 2022 that have not yet been collected.

As indicated in Note 2, since the usual time of meters readings does not coincide with the balance sheet date, the Group estimates the volume of sales to customers which has not yet been invoiced. The accumulated balance of electricity and gas retailing which has not yet been invoiced is featured in under the heading “Trade and other receivables". As at 31 December 2022, the estimates of the retailing companies amount to EUR 186,294 thousand (EUR 170,204 thousand as at 31 December 2021).

The movement of valuation adjustments for bad debt in the year 2022 and 2021 is as follows:

	2022	2021
Balance at beginning of year	**(30,631)**	**(27,540)**
Change of scope (Note 2b)	-	-
Allocations	(13,939)	(10,193)
Reversals	1,298	3,338
Releases	6,111	3,764
Others	-	-
Balance at beginning of year	**(37,161)**	**(30,631)**

In the year 2022 the Group allocated EUR 13,989 thousand to the provision for delayed payment (EUR 10,193 thousand in 2021). The average matrix of provisions, arranged by the age of the trade receivables, is included in Note 17 (section "Credit risk").

The breakdown of “Period adjustments and other current assets” is as follows:

	31.12.22	31.12.21
Prepaid expenses for insurance	260	1,673
Prepaid expenses for commissions	18,416	26,423
Prepaid expenses for renting	132	97
Other prepaid expenses	30,608	19,823
Advances to staff	33	37
Receivables from Public Administrations	16,793	24,638
Total	**66,242**	**72,691**

“Prepaid expenses for commissions” correspond to payments of commissions made in advance to commission agents for new clients acquisition and is transferred to income statement depending on the duration of the contract, which in these instances is a period of one year (Note 2.23).

Of the EUR 26,423 thousand capitalised as prepaid expenses for commissions as at 31 December 2021, the amount of EUR 22,486 thousand was transferred to the profit and loss account during the year 2022. This amount represents 85.1% of the total capitalised and corresponds to the contracts with commissions of annual renewal.

As at 31 December 2022, "Other prepaid expenses" includes payments made in advance for the purchase of energy (electricity and gas to be delivered over the year 2023), principally in Main Energie, B.V. (the Netherlands) due to the high prices of the energy.

As at 31 December 2022, "Receivables from Public Administrations" corresponds mainly to the VAT balances to offset. During the year 2022 VAT balances have been recovered, which had increased previously in the year 2021 as a consequence of the increase of energy prices (electricity and gas) and the application of new regulatory frameworks, especially in Spain (Note 3).

NOTE 11 - CASH AND OTHER CASH EQUIVALENTS

The heading “Cash and other cash equivalents” includes:

	At 31.12.22	At 31.12.21
Cash and banks	204,630	242,517
Short-term investments of high liquidity	1,299	1,632
Total	**205,929**	**244,149**

The Group does not receive significant interest remunerations over cash and other cash equivalents.

As at 31 December 2022 and 2021, there are no significant restrictions to the disposable cash and cash equivalents.

NOTE 12 – NET EQUITY

a) Share capital

The Parent Company was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

As at 31 December 2022 and at 31 December 2021 the share capital of the Parent Company is represented by 440,291,054 shares of a value of EUR 0.1 each.

The Extraordinary General Meeting of Shareholders of the Parent Company on 2 May 2007 agreed to increase share capital by EUR 37,755,975 through the issue of 37,755,975 ordinary shares with a par value of EUR 1 each, and a share premium of EUR 3 per share.

On 9 July 2007 this capital increase was accounted after it was inscribed in the Registry of the Spanish National Securities Market Commission (CNMV), recorded in a public deed and inscribed in the Mercantile Registry.

On 20 February 2008, the Extraordinary General Meeting of Shareholders of the Parent Company Audax Renovables, S.A. adopted a resolution approving of a transaction under which several business groups made contributions to the Parent Company in the form of companies with operating wind farms and at different stages of administrative process. In consideration thereof, the parent Company made a capital increase with non-cash contributions. This transaction included wind farms in Spain and abroad, specifically in India, France and Poland, and resulted in the incorporation of 562.7 MW and contributions amounting to EUR 274,874 thousand.

On 30 June 2015 the Ordinary General Meeting of Shareholders of Audax Renovables, S.A. agreed to reduce the share capital by decreasing the nominal value of the shares by EUR 0.3 per share. Consequently, the share capital of the Parent Company as at 31 December 2015 and 2016 amounts to EUR 98,003 thousand and is represented by 140,003,778 shares, of a value of EUR 0.7 each. As a result of this transaction a special fund was created amounting to EUR 42,001 thousand.

On 19 May 2016 Audax Energía, S.A. made a bid to purchase 100% of shares of Audax Renovables, S.A. at the price of fifty cent euro (EUR 0.50) per share. On 8 August 2016 the CNMV announced that the offer made by Audax Energía, S.A. had been accepted by the holders of 99,211,899 shares representing 70.86% of the share capital of Audax Renovables, S.A.

On 23 November 2018 the General Meeting of Shareholders agreed unanimously to carry out the merger by absorption of Audax Energía, S.A.U. (legal acquiree) by Audax Renovables, S.A. (legal acquirer), and the subsequent dissolution without liquidation of Audax Energía, S.A.U. As a result of the merger, Audax Renovables, S.A. became the new parent company of the Group. In order to carry out the merger, the General Meeting of Shareholders of the acquiring company, Audax Renovables, S.A., adopted the resolution to increase its share capital by EUR 210,201,093.20 by issuing 300,287,276 shares equal to those already existent, cumulative and indivisible, with a nominal value of EUR 0.70 each share, which were attributed entirely to Eléctrica Nuriel, S.L.U. Those shares were issued with a share premium of EUR 0.4770775549 per share, that is EUR 141,367,906.98. The information regarding this transaction is included in the notes to the consolidated annual accounts for the year 2018.

On 29 April 2019, and with the aim to restore the equilibrium to the financial situation of the Parent Company, the General Meeting of Shareholders approved a reduction of the share capital reducing by EUR 0.6 the nominal value of the shares. As a consequence of the share capital reduction there was an increase in the Parent Company's reserves of EUR 264,175 thousand.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The share quotation as at 31 December 2022 of the Parent Company's shares was of EUR 0.75 per share (EUR 1.26 as at 31 December 2021).

The breakdown of the shareholders with more than 10% of stake of the Parent Company as at 31 December 2022 and 2021 is as follows:

	31.12.22	31.12.21
Shareholders	**%**	**%**
Eléctrica Nuriel, S.L. (*)	64.32%	65.15%
Rest of Shareholders (**)	35.68%	34.85%
Total	**100%**	**100%**

(*) Additionally, Eléctrica Nuriel, S.L.U, has various rights to purchase 40,000,000 shares of Audax Renovables, S.A., which represent 9.08% of the Parent Company. (**) Excelsior Times, S.L.U. holds 1.47% of direct shares in the Parent Company Audax Renovables, S.A.

b) Share premium account

This account can only be affected by resolutions of the General Meeting of Shareholders of the Parent Company.

c) Legal Reserve

Companies that report profits will be obligated to appropriate 10% of profit for the year to this reserve until it reaches at least 20% of share capital. This reserve, as long as it does not exceed the limit indicated, can only be used to offset losses if there are no other reserves sufficiently available to do so. On the other hand, it can also be used to increase share capital in the part that exceeds 10% of the capital already increased.

As at 31 December 2022 the Parent Company has a Legal Reserve valued at EUR 8,806 thousand (EUR 8,806 thousand as at 31 December 2021).

d) Treasury shares

As at 31 December 2022 and 2021 the Parent Company does not own treasury shares.

e) Translation differences

This account in the consolidated balance sheet includes the net exchange differences arising from the translation into euro of the balances of functional currencies of the consolidated companies whose functional currency is not the euro. As at 31 December 2022 and as at 31 December 2021, the account reflects mainly the impact of the historical price fluctuations of the Polish zloty and the Hungarian forint against the euro.

f) Distribution of earnings

The proposed distribution of earnings of the Parent Company for 2022 that the Board of Directors will suggest to the General Meeting of Shareholders for its approval is as follows:

Base of distribution	**EUR**
Profit and loss (loss)	(1,706,583)
Total	**(1,706,583)**

Base of distribution	**EUR**
To losses from previous years	(1,706,583)
Total	**(1,706,583)**

The General Meeting of Shareholders held on 16 June 2022 approved the following allocation of loss for the year 2021 of the Parent Company:

Base of distribution	**EUR**
Profit and loss (loss) restated*	(9,493,769)
Total	**(9,493,769)**

Base of distribution	**EUR**
To losses from previous years restated*	(9,493,769)
Total	**(9,493,769)**

* Restated Figures (Note 2.3)

Profit / (loss) per share

The breakdown of basic and diluted earnings per share is as follows:

	31.12.22	31.12.21 Restated *
Number of shares	440,291,054	440,291,054
Average number of shares	440,291,054	440,291,054
Average number of shares diluted	440,291,054	440,291,054
Profit for the year attributable to the Parent Company*	3,539	(1,720)
Profit for the year attributable to the Parent Company diluted*	3,539	(1,720)
*(EUR thousands)		
Profit / (loss) per share (euro per share)		
- Basic	**0.0080**	**(0.0039)**
- Diluted	**0.0080**	**(0.0039)**

* Restated Figures (Note 2.3)

The basic gain per share is calculated by dividing the profit for the year attributable to the holders of equity instruments of the Parent Company by the weighted arithmetic mean of ordinary shares circulating over the year.

The diluted gain per share is calculated by dividing the diluted profit for the year attributable to the Parent Company by the diluted arithmetic mean of shares.

Non-controlling interests

The movement during the years 2022 and 2021 of non-controlling shares has been as follows:

Balance at 1.1.21	**7,818**
Profit (loss) for the year	(1,593)
Dividend distribution	(190)
Changes to the scope (Note 2)	2,202
Other movements	3,725
Balance at 31.12.21	**11,962**
Profit (loss) for the year	4,229
Dividend distribution	(1,224)
Changes to the scope (Note 2)	-
Other movements	(1,623)
Balance at 31 December 2022	**13,344**

The breakdown of the non-controlling interests by entity as at 31 December 2022 and 31 December 2021 is as follows:

	31.12.2022	31.12.2021
Subsidiaries Unieléctrica Energía, S.A.	9,386	8,722
Eoliennes de Beausemblant, SAS	455	589
Audax Solar SPV XV, S.L.U.	2,190	2,191
Masqluz 2020, S.L.	856	-
Others	457	460
	13,344	**11,962**

NOTE 13 - PROVISIONS

The breakdown of provisions as at 31 December 2022 and as at 31 December 2021 is as follows:

	Balance 31.12.22	Balance 31.12.21
Non-current provisions		
Provision for liabilities	9	450
Dismantling provision	1,331	1,074
Current provisions		
Provision for liabilities	4,745	3,303
Total	**6,085**	**4,827**

Provision for liabilities

On 14 October 2021 the Regulatory Supervision Chamber of the CNMC resolved on imposing economic sanction of EUR 1,500 thousand on Audax Renovables for the potential irregular conduct in consumer contracts under article 65.43 of Law 24/, 2013 of 26 December, concerning events occurred in the year 2019. Against this sanction the company lodged an administrative appeal with the National High Court, as it does not agree with the reasons stated in the resolution and considers that the final amount of the sanction may be reduced according to the defence arguments; the company is now expecting the date to be assigned for voting and decision.

Additionally, on 12 May 2022 the Competition Directorate issued a Proposition of a Resolution against several companies of the Group, as it considered their conduct as a potential infringement of article 3 of Law 15/2007 of 3 July 2007 on Competition Protection ("LDC"), during the years 2018-2019. The Involved Companies, upon being informed of the Proposed Resolution, did not agree with it and made their relevant representations on 09 June 2022. Subsequently, on the notification date of 13 October 2022, the CNMC council issued a disciplinary decision imposing a sanction of EUR 9,258 thousand.

The involved companies lodged a contentious-administrative appeal with the sixth section of the contentious-administrative chamber of the National High Court against this resolution in time and form on 13 December 2022, which was admitted for processing by the measure of organisation of 9 January 2023. On 19 January 2023 the involved companies were notified of the date assigned to formalise the claim.

The Group understands that there is an infringement of the rights of the companies involved, and that there are no reasons for these proceedings to be carried out, however, in 2022 it considered appropriate to allocate EUR 1,500 thousand to the provision for current liabilities in order to cover the maximum probable sanction risk of these proceedings.

Dismantling provision

Over the year 2022, several photovoltaic power plants began operating, therefore the relevant provisions were recorded for the dismantling of these plants.

As at 31 December 2022, the Group has recorded a provision of EUR 1,331 thousand (EUR 1,074 thousand as at 31 December 2021) to cover the costs of dismantling the wind farms and photovoltaic plants that are now in operation.

NOTE 14 – FINANCIAL LIABILITIES

The breakdown of the financial liabilities, without including trade and other payables (Note 16), during the years 2022 and 2021 is as follows:

	31.12.22	**31.12.21**
Debt from issue of bonds and other negotiable securities	458,158	447,821
Amounts owed to credit institutions	66,093	81,783
Lease liabilities	19,207	15,326
Financial derivatives liabilities (Note 9)	7,912	5,387
Other non-current financial liabilities	34,505	731
Total non-current financial liabilities	**585,875**	**551,048**

	31.12.22	**31.12.21**
Debt from issue of bonds and other negotiable securities	81,511	202,993
Amounts owed to credit institutions	35,986	39,599
Lease liabilities	1,471	1,178
Financial derivatives liabilities (Note 9)	13,392	8,427
Other current financial liabilities	14,859	49,698
Total current financial liabilities	**147,219**	**301,895**

Except for the liabilities arising from financial derivatives, the financial liabilities are measured at amortised cost. The financial derivatives liabilities are measured at fair value. The fair value of liabilities bearing fixed interest rate is estimated on the basis of discounted cash flows over the remaining term of that liability. Discount rates were determined according to the market rates available at 31 December 2022 and 2021 on the financial liabilities with similar maturity and credit features.

The movement of financial liabilities during the year 2022 and 2021 has been as follows:

	31.12.2021	Recognitions	Derecognitions	Transfers	Change in fair value	31.12.2022
Debt from issue of bonds and other negotiable securities	447,821	53,904	(66,926)	23,359	-	458,158
Amounts owed to credit institutions	81,783	4,387	(6)	(20,071)	-	66,093
Finance lease liabilities	15,326	5,126	(49)	(1,196)	-	19,207
Financial derivatives liabilities (Note 9)	5,387	-	-	-	2,525	7,912
Other financial liabilities	731	34,062	(288)	-	-	34,505
Total non-current financial liabilities	**551,048**	**97,479**	**(67,269)**	**2,092**	**2,525**	**585,875**
Debt from issue of bonds and other negotiable securities	202,993	208,367	(306,490)	(23,359)	-	81,511
Amounts owed to credit institutions	39,599	87,704	(111,388)	20,071	-	35,986
Finance lease liabilities	1,178	1,141	(2,044)	1,196	-	1,471
Financial derivatives liabilities (Note 9)	8,427	-	-	-	4,965	13,392
Other financial liabilities	49,698	2,330	(37,169)	-	-	14,859
Total current financial liabilities	**301,895**	**299,542**	**(457,091)**	**(2,092)**	**4,965**	**147,219**

	31.12.2020	Recognitions	Derecognitions	Transfers	Change in fair value	31.12.2021
Debt from issue of bonds and other negotiable securities	379,158	168,032	(13,508)	(85,861)	-	447,821
Amounts owed to credit institutions	82,339	9,786	(4,860)	(5,482)	-	81,783
Finance lease liabilities	7,801	9,118	(1,593)	-	-	15,326
Financial derivatives liabilities (Note 9)	5,346	-	-	-	41	5,387
Other financial liabilities	528	204	(1)	-	-	731
Total non-current financial liabilities	**475,172**	**187,140**	**(19,962)**	**(91,343)**	**41**	**551,048**
Debt from issue of bonds and other negotiable securities	136,754	226,997	(247,296)	86,538	-	202,993
Amounts owed to credit institutions	53,649	44,475	(63,330)	4,805	-	39,599
Finance lease liabilities	1,132	369	(323)	-	-	1,178
Financial derivatives liabilities (Note 9)	483	-	-	-	7,944	8,427
Other financial liabilities	44,780	7,100	(2,182)	-	-	49,698
Total current financial liabilities	**236,798**	**278,941**	**(313,131)**	**91,343**	**7,944**	**301,895**

The breakdown of financial liabilities cash flows in 2022 was as follows:

	31.12.2021	Cash flows movement	Interest payment	Movements which do not involve cash flows	31.12.2022
Debt from issue of bonds and other negotiable securities	650,814	(112,966)	(16,954)	18,775	539,669
Amounts owed to credit institutions	121,382	(19,001)	(1,092)	790	102,079
Finance lease liabilities	16,504	-	-	4,174	20,678
Financial derivatives liabilities (Note 9)	13,814	-	-	7,490	21,304
Other financial liabilities	50,429	(8,956)	-	7,891	49,364
Total financial liabilities	**852,943**	**(140,923)**	**(18,046)**	**39,120**	**733,094**

Within the cash flows movement, the amount of EUR 377,054 thousand is included, corresponding to collections, and the amount of EUR 518,032 thousand, corresponding to payments.

Bonds and other negotiable securities

In January 2017 Audax Renovables, S.A. registered a programme of corporate promissory notes on the Alternative Fixed-Income Market (MARF) for the maximum amount of EUR 50,000 thousand with maturity in 2019. Subsequently, various extensions of the maximum drawn down balance and the maturity date of the programme were made. In the year 2019 this promissory note programme was expanded to a maximum amount of EUR 75,000 thousand with maturities of up to 2 years. In the year 2020 Audax Renovables, S.A. carried out a new increase with a maximum outstanding balance of EUR 200,000 thousand, and the maturity date on 30 March 2021. On 13 April 2021 Audax Renovables, S.A. carried out a new increase raising the maximum outstanding balance to EUR 300,000 thousand and extending the maturity date to 13 April 2022. On 25 April 2022 Audax Renovables, S.A. carried out and extension of the maturity date of the promissory note programme under the name of "Audax Promissory Note Programme 2022" until 25 April 2023, maintaining the same maximum outstanding balance. As at 31 December 2022, the total drawn down balance amounts to EUR 119,510 thousand (EUR 220,297 thousand as at 31 December 2021).

On 19 May 2022 the Company signed an agreement with the Instituto de Crédito Oficial (ICO) obtaining a new credit line in promissory notes guaranteed by the entity for the nominal amount of up to EUR 170 million and a guarantee of up to EUR 119 million. The agreement guarantees 70% of the issues of promissory notes carried out by Audax Renovables on the Alternative Fixed-Income Market (MARF) of up to this amount, in the framework of the programme which the company maintains active with the limit of EUR 300 million. The programme allows to carry out issues within the maximum term of 2 years.

In the year 202 Audax Renovables, S.A. signed a promissory note programme with the company Toro Finance for the amount of EUR 15,000 thousand, which was wholly redeemed as at 31 December 2021. In the year 2022 a new disposition of EUR 15,000 thousand was made, which also was wholly redeemed in June 2022.

The Company approved in 2017 a programme for issuing plain bonds on the Alternative Fixed-Income Market (MARF), of which bonds of a nominal value of EUR 65,000 thousand with maturity in June 2022 and fixed nominal annual interest of 4.20% were subscribed.
Also in 2018 the Company approved a new programme for issuing bonds worth EUR 35,000 thousand, which was later increased by another EUR 35,000 thousand, with maturity in October 2023 and fixed nominal annual interest rate of 5.5%.

On 30 November 2020 the Company announced an offer of swap transaction for the holders of those bonds for a new issue of green bonds by the Company under its programme named "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2020" in exchange for the early redemption of the Existing Bonds owned by the holders.

As a consequence of this swap transaction, on 18 December 2020 the Company carried out a second issue of green bonds named “Issue Number 2 of Senior Unsecured Notes of Audax Renovables, S.A. 2020” for the amount of EUR 200,000 thousand, at the interest rate of 4.20% and with maturity on 18 December 2027. This new issue was subscribed partly by the previous holders of the 2017 and 2018 emissions, and partly by new investors.

As at 31 December 2020 the outstanding balance of the 2017 bond amounted to EUR 26,600 thousand and the outstanding balance of the 2018 bond to EUR 17,505 thousand, corresponding to the holders who did not take part in the swap transaction offered by the Company.

In the first half of 2021 the entirety of the 2017 bond was cancelled for the amount of EUR 26,600 thousand.

On 15 June 2021, due to the great interest of the investors in subscribing the green bonds of the issue named “Issue Number 2 of Senior Unsecured Notes of Audax Renovables, S.A. 2020”, the Company decided to increase this issue by EUR 100,000 thousand under the name of “Issue Number 3 of Senior Unsecured Notes of Audax Renovables, S.A. 2020” on the same terms.

On 26 July 2021, the Company proceeded to renew this programme by registering a new one under the name of “EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2021” in the Alternative Fixed-Income Market ("MARF"), which replaces the 2020 programme. On 11 August 2022, this programme was renewed under the name of “EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022”, which replaces the 2021 programme.

In December 2022 Audax Renovables acquired the notes issued on the Alternative Fixed-Income Market (MARF) within the programme “Senior Unsecured Notes of Audax Renovables, S.A. 2020” with maturity on 18 December 2027, for the amount of EUR 6,184 thousand, lower than the nominal value of EUR 10,400 thousand at which they were issued, which involved a financial net gain of EUR 4,216 thousand.

As at 31 December 2022 from the total of the acquired notes the Group proceeded to redeem the notes of a nominal amount of EUR 5,900 thousand ahead of schedule.

On 18 November 2020 the Board of Directors of the Company approved the issue of senior plain green convertible unsecured bonds (hereinafter "the convertible bonds") for the amount of EUR 125,000 thousand of nominal value and at the annual interest rate of 2.75% payable half-yearly, with maturity on 30 November 2025.

The convertible bonds may be converted in ordinary shares of the Company, either of a new issue or those already issued on the continuous market. The conversion option has an underlying of 51.7 million shares of the Company, which correspond to 11.74% of the total of issued shares. The General Meeting of Shareholders of 21 April 2021 of the company approved the convertibility option, maintaining certain conditions, such as the exclusion of the pre-emptive subscription rights in order to allow the issuance of shares to which this conversion would apply, and the Shareholders' resolutions need to be notarised and together with the amendment to the notarial deed on the issue of convertible bonds need to be registered in the Commercial Register.

The bonds include an option for the investor to convert them into a fixed number of shares at a previously fixed price. Although at the closing date of 2020 the convertibility option had not yet been added to the terms of the instrument, at that date existed a commitment of the majority shareholder to vote in favour of its approval at the General Meeting of Shareholders.

The option of early repayment of the bond, which assists to the bondholders, may be exercised in a scenario of change of control of the Group, takeover bid, halt in the trading of its shares or when the floating capital is lower than 10% of the total of shares. The Group has implemented the accounting policy of initially measuring the financial liability component at the better estimation of the current value of the interest and the repayment price of the bond, assigning the residual amount to the equity component. For the purpose of this estimation, it has been considered improbable that any of the contingent circumstances, on which the exercise of the early redemption option depends, would arise before the ordinary maturity date of the bond.

Once the bonds are made convertible, the holders will have the right to convert the bond into shares of new issue or into existing shares (to be decided by the Company) at the conversion price of EUR 2.42 per share. The conversion option may be exercised from the moment in which the conversion is declared approved.

Additionally, the Company has the option of early redemption of convertible bonds if certain predetermined conditions are fulfilled. This option may be exercised at the third anniversary of the bond issue, i.e., in November 2023, at the price of 130% of the nominal of the bond.

Due to the contingent call provisions mentioned before, the instrument is presented as a financial liability (Note 2.3).

Issuing of bonds is subject to meeting certain financial ratios. As at 31 December 2022 Audax Renovables, S.A. has obtained exemptions from compliance (waivers), therefore a potential default on certain ratios would not cause any immediate maturity of the debt, which has been kept accounted for as non-current.

The amount disclosed under the Liabilities and other negotiable securities as at 31 December 2022 includes the debt to be repaid as a consequence of the issuance of said bonds and promissory notes in current and non-current liabilities.

Current liabilities include financial expenses that had been accrued but not paid at the balance sheet date of 2022 and 2021.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments for Bonds and other negotiable securities was the negative amount of EUR 112,966 thousand, the positive amount of EUR 242,555 thousand for the issue of new promissory notes, and a negative amount of EUR 355,520 thousand of payments for the redemption of bonds and promissory notes.

Amounts owed to credit institutions

The breakdown of the Group's bank loans is as follows:

	31.12.22	31.12.21
Project Finance	14,581	18,418
Loans	51,512	63,365
Total non-current	**66,093**	**81,783**

	31.12.22	31.12.21
Project Finance	3,657	3,509
Loans	17,211	16,139
Lines of credit	105	(148)
Reverse factoring and similar	15,013	20,099
Total current	**35,986**	**39,599**

As at 31 December 2022 the average effective interest rate of the bank loans is of 3.50% (1.89% as at 31 December 2021).

Project Finance

Under the Project Finance scheme the shares of the borrower are pledged, thus reducing the Group's guarantee and risk.

The companies Eólica del Pino S.L., Eólica el Pedregoso S.L., and Eólica Postolin Sp. z o.o., included in the consolidation scope as at 31 December 2022, have entered into loan agreements with lending institutions in the Project Finance scheme under which the entirety of their shares are pledged. These loan agreements include conditions which impose limitations on dividend distribution and require the fulfilment of certain minimum ratios, such as the Debt Service Coverage Ration or the Leverage Index.

In the year 2021, SAS Eoliennes de Beausemblant proceeded to repay entirely its debt under the modality of Project Finance.

Regarding the loan agreements for financing of the facilities which include the obligation to meet certain ratios, as at 31 December 2022 there are no indications of non-compliance with the requirements defined in those contracts. There are no breaches of financial obligations foreseen at the balance sheet date of the next period by any of the companies of the Group.

Furthermore, these loans require that companies record a Debt Service Reserve Fund (FRSD) through their bank accounts as additional guarantee for the bank syndicate. At the balance sheet date of the year 2022 and 2021 the following amounts are held as guarantee:

Company	31.12.2022	31.12.2021
Eólica el Pedregoso, S.L.	715	717
Eólica del Pino, S.L.	362	363
Eólica Postolin Sp. z o.o.	1,264	1,365
Total	**2,341**	**2,445**

These reserve funds have not been considered as Cash and other cash equivalents, but they were incorporated into the account of Other current financial assets, as indicated in Note 8.

Loans and lines of credit

The main loans and lines of credit of the Group are as follows:

As at 31 December 2022, the Parent company has outstanding balances of a loan agreement signed in 2021 with Cofides for the amount of EUR 9,700 thousand, which is due in 2028, and a loan agreement signed with Gedesco Innovfin, S.L in 2020 for the amount of EUR 4,815, which is due in 2025.

The outstanding balance of these loans as at 31 December 2022 amounts to EUR 12,609 thousand (EUR 13,812 thousand as at 31 December 2021).

In 2021 the Parent Company carried out the total settlement of the loans signed in 2020 with Finalbion SV, S.L. and Toro Finance for the amount of EUR 5,823 thousand.

Additionally, the Parent Company and other companies of the Group signed loan agreements (ICO) in 2020 with various financial entities. These loans were covered by a line of guarantees for businesses and sole traders, approved by the Royal Decree-Law 8/2020 of 17 March 2020 on urgent extraordinary measures to tackle the economic and social impact of COVID-19, under which the Ministry of Economic Affairs and Digital Transformation issues guarantees to the loans granted by the credit institutions to the businesses and sole traders in order to help maintain the employment and alleviate the economic effects of the crisis, and the maturity of these loans was between 2022 and 2025..

In 2021 the Parent Company and other companies of the Group proceeded to renegotiate with various financial institutions some of the loans (ICO) signed during the year 2020, in order to postpone the maturity dates of the loans. The maturity date of the ICO loans of the Group is between 2022 and 2028.

As at 31 December 2022, the outstanding principal of the ICO loans of the Group amounts to EUR 51,545 thousand (EUR 60,148 thousand as at 31 December 2021).

During the year 2021, Audax Netherlands B.V. proceeded to settle the loans granted by credit institutions, corresponding to the credit institutions ING Bank and Rabobank, in the amount of EUR 4,405 thousand.

In 2022 Audax Italia entered into a loan agreement with the entity Unicredit for the amount of EUR 3,500 thousand with maturity in 2026 and an interest rate of 2%. As at 31 December 2022 the outstanding balance amounts to EUR 3,267 thousand.

Also in 2022 Unieléctrica Energía, S.A. entered into a loan agreement with the entity Caja Rural del Sur for the amount of EUR 2,000 thousand with maturity in 2025 and an interest rate of 2.5%.

Reverse factoring

The reverse factoring contracts of the Group relate mostly to the loans obtained by the Group from diverse financial institutions in order to finance the payment of invoices to suppliers and creditors when the invoices become due. Usually, the maturity period of these loans is 60 to 120 days. In this sense, the term does not include transactions carried out between Group companies.

Therefore, we consider the nature of the transaction as financial, including the liability arising in short-term amounts owed to credit institutions.

There are no deposits or guarantees associated with these transactions.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments of amounts owed to credit institutions was the negative amount of EUR 19,056 thousand, EUR 91,531 thousand of collections from acceptance of new loans, and EUR 110,587 thousand of payments for the settlement of various loans.

Other financial liabilities

The breakdown of other financial liabilities is as follows:

	31.12.22	31.12.21
Accounts payable to Group companies (Note 22)	33,651	523
Other debts	854	208
Total non-current	**34,505**	**731**

	31.12.22	31.12.21
Accounts payable to Group companies (Note 22)	14,066	49,075
Other debts	793	623
Total current	**14,859**	**49,698**

The following table describes consolidated gross financial liabilities as at 31 December 2022 and 2018 and their maturity dates, taking into account the impact of the derivatives, other financial liabilities and trade payables and other payables:

	Up to one year	two to three years	four to five years	more than five years	Total financial liabilities
Trade and other payables	241,136	-	-	-	241,136
Debt from issue of bonds and other negotiable securities	81,511	171,854	286,304	-	539,669
Amounts owed to credit institutions	35,986	39,104	17,551	9,438	102,079
Lease liabilities	1,471	2,891	2,816	13,500	20,678
Financial derivatives liabilities (Note 9)	13,392	7,912	-	-	21,304
Other financial liabilities	14,859	4,232	12,221	18,052	49,364
	388,355	**225,993**	**318,892**	**40,990**	**974,230**

As at 31 December 2022 and 31 December 2021, the following financial liabilities are subject to the requirement of meeting certain minimum ratios or to clauses which, if not complied with, may result in declaring the payment immediately due.

	EUR thousands	
	2022	**2021**
Bond of nominal value €70M approved in September 2018	16,715	16,911
Bond of nominal value €300M approved in December 2020	289,600	300,000
Convertible bond of nominal value €125M approved in November 2020	125,000	125,000
Project Finance	18,329	22,386
Total	**449,644**	**464,297**

*(includes accrued interest and capitalised costs)

With regard to the Bonds, the conditions to be fulfilled refer to the ratios of Net financial debt/Ebitda. With regard to the Project finance, the ratios concern "Cash flows generated in a year / Debt service of the Project finance" coefficient, as well as leverage ratios, all of them referred individually for each financed company.

In the year 2022 the Group has obtained exemptions from compliance (waivers) with the aforementioned ratios at 31 December 2022, therefore a potential default on the obligations would not cause any immediate maturity of the debt, which has been kept accounted for as non-current.

NOTE 15 – SUBSIDIES

The company Eólica Postolin Sp. z o.o. received non-repayable grants from the European Union through the Polish Ministry of Economy for the construction of its wind farm amounting to PLN 38,354 thousand (EUR 9,019 thousand). The received subsidies are recorded in the profit (loss) according to the depreciation of the wind farm. In 2022 the amount of EUR 251 thousand (EUR 257 thousand in 2021) was recognised as "Other operating income".

NOTE 16 - TRADE PAYABLES, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

Accounts payable

The breakdown as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Suppliers	204,730	138,149
Suppliers, group companies	3,352	3,650
Other payables	31,360	29,234
Staff	1,694	1,591
Trade and other payables	**241,136**	**172,624**

Most of the accounts payable fall due between 30 and 90 days and no interest accrues on them.

As indicated in Note 2, since the usual time of meters readings does not coincide with the balance sheet date, the Group estimates the invoiced amounts which have not yet been received. As at 31 December 2022, the estimation of invoiced amount that have not yet been received for the electricity and gas fees, arising from the energy supplied but not yet invoiced, amounts to EUR 21,305 thousand (EUR 29,405 thousand as at 31 December 2021) and is included in the balance sheet. Additionally, there is an estimate related to the invoices for energy purchase not yet received, amounting to EUR 134,691 thousand (EUR 54,891 thousand at the end of the year 2021).

For those companies of the Group, which have their tax residence in Spain, we set out below the information required by third additional disposition of Law 15/2010 of 5 July 2010 as amended by third final disposition of Law 18/2022 of 28 September 2022, which establishes measures against delayed payment in business transactions and, among other aspects, regulates the payment period in commercial relations between businesses or between businesses and Administration, in accordance with the provisions of the Resolution of the Accounting and Auditing Institute on the information to be included in the notes to the annual accounts with regard to the average period of payment to suppliers and providers in business transactions, published in the BOE on 19 October 2022.

	2022	2021
	Days	Days
Average period of payment to suppliers[(1)]	14	28
Paid transactions ratio	13	26
Transactions with outstanding payment ratio	14	28
	Amount in EUR thousands	
Total payments carried out	1,176,948	597,703
Total outstanding payments	44,206	45,282
	30 days	
Monetary value paid in Euro (EUR thousands)	1,083,606	
Percentage of the total monetary value of payments to suppliers	92.07%	
Number of invoices paid	2,433,519	
Percentage of the total of invoices paid to suppliers	91.54%	

(1) Under the law 11/2013 of 26 July, the maximum legal time limit for payment, applicable to the companies of the Group which have their tax residence in Spain, is of 30 days, except for the case when by agreement a longer time period is established, which under no circumstances can exceed 60 days.

The payments detailed in the above table as payments to providers refer to those which by their nature are trade payables for debts with suppliers of goods and services, in such a way that they include the needed information for the 'Other creditors' account found as current liabilities in the consolidated balance sheet.

Other current liabilities

The breakdown as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Public administrations and similar	89,085	52,360
Time adjustments of current liabilities	2,040	9,262
Advance payments from clients and other current payables	46,515	20,226
Other current liabilities	**137,640**	**81,848**

The main accounts payable to public administration entities and similar included under this heading correspond to liabilities arising from current transactions of the companies of the Group: Main Energie, B.V. (the Netherlands) and Audax Renewables, K.F.T. (Hungary). It consists mainly of taxes charged to the clients, not yet settled at the closing date of the year (value-added tax and special taxes), which were paid off in January and February 2023.

As at 31 December 2022 "Advance payments from clients and other current payables" is comprised mainly of advance payments to the clients of the companies of the Group - Main Energie, B.V. (the Netherlands) and Audax Gas Trading, K.F.T. (Hungary).

As at 31 December 2021, "Advance payments from clients and other current payables" includes mainly the reclassification of non-current liability with the company Eryx Investments, S.L.U., for the purchase of shares of the company Unieléctrica Energía, S.A., which turns into current because of the maturity in 2022 of the last one of the payments established in the purchase agreement.

NOTE 17 – RISK MANAGEMENT

The Audax Renovables Group, in general terms, considers to be a risk any eventuality or contingency which might impede the Company's ability to successfully fulfil its business objectives.

In this regard, the Group is exposed to several risks which are inherent in different countries and markets where it operates and which can prevent it from achieving its objectives and successfully implementing its strategies. For that reason, the Board of Directors, aware of the importance of this aspect, encourages the implementation of necessary mechanisms for significant risks to be correctly identified, managed and controlled.

The Audax Group has an organisation and systems, which allow it to identify, measure and control the financial risks to which it is exposed.

a) According to the above, any activity aimed to control and mitigate the risks will be subject to the following basic principles of procedure: Integrate the risk-opportunity vision in the management and strategy of the Company.

b) Ensure an appropriate separation of duties to guarantee an adequate level of independence.

c) Constant evaluation of the mechanisms for hedging, transfer and mitigation, in order to ensure their suitability and the implementation of the best market practices.

d) Guarantee the proper use of risk hedging instruments.

e) Inform about the risks for the Group and about the implemented systems to mitigate them.

f) Adjusting the Group's risk policy to all the specific policies which need to be developed in regards to risks.

g) Ensure the adequate compliance with the Corporate Governance rules.

Interest rate risk

The Audax Group confronts the risk related to its financial liabilities insofar as the interest rate fluctuations affect its cash flows and fair value.

Cash and bank accounts, as well as the Group's financial debt, are exposed to the interest rate risk, which might have adverse effect on the financial profit and loss and cash flows.

The fluctuations in interest rates modify the fair value of the financial assets and liabilities on which a fixed interest rate is accrued as well as the cash flows from the financial assets and liabilities indexed to a floating interest rate, and, accordingly, they impact both net equity and net income, respectively.

Any rise of interest rates would increase the Group's financial expenses related to the part of its debt indexed to a floating interest rate, which would be mitigated by the interest rate hedging policy.

The purpose of interest rate risk management is to maintain a balance between floating and fixed rates on debt in order to reduce the costs of borrowings within the established risk parameters.

On the entirety of the issued bonds an interest at a fixed rate is accrued (Note 14). Furthermore, the Audax Renovables Group uses financial swaps to manage its exposure to interest rate fluctuations.

The structure of Obligations and amounts owed to credit institutions as at 31 December 2022 and 31 December 2021, taking into account the hedges through derivative contracts, is as follows:

	At 31.12.22	**At 31.12.21**
Fixed interest rate	568,268	681,789
Floating interest rate	73,480	90,407
Total	**641,748**	**772,196**

The floating interest rate is subject mainly to the fluctuations of the European Interbank Offered Rate (Euribor). The sensitivity of the income to the fluctuation in interest rates is as follows:

	Interest rate increase /(decrease)	Effect on profit and loss before tax
2022	10%	(220)
	(10%)	220
2021	10%	(216)
	(10%)	216

This effect does not include the impact that would result from interest rate fluctuations on asset impairments, considered in Note 5.

Exchange rate risk

The variations in exchange rates can affect the fair value of the investments and of the debt denominated in non-local or non-functional currencies and the transactions and investments denominated in non-euro currencies, and, accordingly, the counter-value of net equity and net income.

The main non-euro currencies with which the Audax Renovables Group operates in 2022 and 2021 are the US dollar, the Polish zloty and the Hungarian forint.

Price of electricity and gas risk

The Audax Renovables Group is exposed to the risk of fluctuations in electricity and gas prices, primarily through the operations of purchase and sale of energy, which are carried out on national and international markets. In the short and medium term price fluctuations are managed though specific hedging transactions, generally though the means of derivatives.

Apart from buying derivatives, the Group manages the price risk through long-term power purchase agreements with the power plants of the Group and of third parties.

Exposure to price fluctuations is controlled through controlling risk limits as a measure of balance between the expected return and the risk undertaken. The portfolio positions are revised periodically on the basis of Value at Risk, in compliance with the established limits.

Additionally, specific analyses are carried out, from the risk perspective, of the impact of certain transactions considered as relevant in the risk profile of Audax and in compliance with the established limits.

With regard to natural gas, the exposure to this risk is managed and mitigated by trying to balance the exposures to commodities through bilateral contracts with physical delivery based on the forecast regarding customers' consumption.

The sensitivity of the net income and equity to the market price fluctuations in the main commodities is as follows:

The sensitivity of net income and equity (Other equity components) to the variation in electricity and gas sale prices, taking as a reference the variation of the sale price in the daily electricity and gas market, is as follows:

	Electricity price fluctuation	Effect on profit and loss before tax	Effect on equity before tax
2022	10%	(1,948)	(159)
	(10%)	1,948	159
2021	10%	(6,982)	953
	(10%)	6,982	(953)

	Natural gas price fluctuation	Effect on profit and loss before tax
2022	10%	(9)
	(10%)	9

This effect does not include the impact that would result from fluctuations in the electricity sale price on asset impairments, considered in Note 5.

Credit risk

The credit risk lies in that the counterparty to an agreement might fail to fulfil their contractual obligations, thus bringing about economic or financial loss. The counterparties can be end customers or providers, counterparties on financial markets or on commodity markets, partners.

The Group, even though it has no significant credit risk concentrations in the energy retailing activity, does keep policies to ensure that the energy is sold to the clients with appropriate credit history, e.g. sales carried out through analysis of client scoring before signing the contract.

The designation of an existing credit risk as bad debt is established according to the implemented accounting principles (Note 2) based on an estimate of expected loss. In addition, in Spain a complementary individual analysis is carried out for the unpaid credits older than 180 days, clients in state of insolvency as well as the clients with relevant proceedings initiated against them.

As at 31 December 2022 the provision for bad debts reached the amount of EUR 37,161 thousand (EUR 30,631 thousand as at 31 December 2021).

The average matrix of provisions, arranged by the age of the trade receivables as at 31 December 2022 and 2021, is as follows:

At 31.12.22	Not expired	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180 days
% not collected	0.08%	0.48%	1.09%	2.50%	4.82%	11.43%	75.30%

At 31.12.21	Not expired	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180 days
% not collected	0.02%	1.07%	6.66%	13.36%	20.38%	25.50%	87.33%

The matrix, stated in EUR thousands, presents a summary of the average provision rates, distributed by age of trade receivables based on the information from the companies belonging to the Group. In this regard, the percentage specified indicates the volume of global provision existing over the entirety of the clients of this group.

The breakdown of trade receivables and its provision as at 31 December 2022 and 2021 by these categories is as follows:

At 31.12.22	Not expired	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180 days	TOTAL
Clients and similar	173,294	57,486	19,768	10,072	6,509	9,770	46,282	**323,181**
Provision	134	278	215	252	314	1,117	34,851	**37,161**

At 31.12.21	Not expired	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	> 180 days	TOTAL
Clients and similar	238,269	58,917	6,246	3,241	2,512	3,078	31,848	**344,111**
Provision	39	633	416	433	512	785	27,813	**30,631**

The movement of the provision for expected losses is specified in Note 10.

In order to mitigate the credit risk arising from commercial positions, the Group holds bad debt insurance policies. As at 31 December 2021, the maximum sum insured is of EUR 476 million (EUR 203 million as at 31 December 2021).

Moreover, in order to mitigate the credit risk arising from financial positions, the Group allocates cash surpluses in high solvency banks and financial institutions, limiting the time horizon of the open positions as well as the credit quality of the counterparties in financial transactions.

As at 31 December 2022 and 2021 the Group did not have significant credit risk concentrations.

Liquidity risk

Prudent liquidity risk management derives from the need of financing the Group's activity by temporary differences between the needs and cash generation and involves maintaining sufficient cash and marketable securities and the availability of funding through a sufficient amount of committed credit facilities as well as sufficient ability to close out market positions.

Debt financing is an important source of finance for the Audax Renovables Group. The Group's aim, whenever possible, is to carry out its financing activities in a centralised way. However, circumstances may arise, under which the Group may consider it essential or more beneficial to have the financing available at the subsidiary level. This means that the majority of financing is carried out at the level of Audax Renovables, S.A. or through instruments with irrevocable guarantee granted by Audax Renovables, S.A.

Exposure to unfavourable situations on the capital or debt markets or the Group's own adverse economic and financial situation could potentially hinder or impede its ability to meet the financial needs necessary to properly conduct its business activities. The Group's liquidity policy is focused on ensuring fulfilment of the obligations to pay entered into, without resorting to obtaining funds on burdensome conditions. This prudent liquidity risk management derives from the need for financing the Group's activity by temporary differences between the needs and cash generation and is based on divers management measures such as maintaining sufficient cash and marketable securities, the availability of funding through a sufficient amount of committed credit facilities, diversifying the maturity dates of the issued debt, as well as sufficient ability to close out market positions at a given moment.

Management follows up the liquidity reserve forecasts of the Group (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows. The schedule established for expected cash flows of financial debt (without taking into account financial interests) is included in Note 14, to which the payments corresponding to Trade and other payables maturing in 2023 should also be added (Note 16).

As at 31 December 2022 available liquidity amounts to EUR 205,874 thousand, which entirely belong to cash and other cash equivalents (EUR 244,149 thousand as at 31 December 2021).

Capital management

The purpose of capital risk management is to maintain an appropriate ratio between internal and external financing (financial liability).

The leverage ratio is as follows:

	At 31.12.22	At 31.12.21 *
Non-current financial liabilities		
Bonds and other negotiable securities	458,158	447,821
Financial liabilities to credit institutions	66,093	81,783
Lease liabilities	19,207	15,326
Other financial liabilities	854	208
Current financial liabilities		
Bonds and other negotiable securities	81,511	202,993
Financial liabilities to credit institutions	35,986	39,599
Lease liabilities	1,471	1,178
Other financial liabilities	793	623
Derivatives	(5,627)	(17,278)
Cash and other cash equivalents		
Other financial assets	(84,573)	(84,559)
Cash and other cash equivalents	(205,929)	(244,149)
Net financial debt:	**367,944**	**443,545**
Of the Parent Company (Note 12)	122,429	132,404
Of the minority interests (Note 12)	13,344	11,962
Net equity:	**135,773**	**144,366**
Leverage (Net financial debt / (Net financial debt + Net equity))	**73.0%**	**75.4%**

* Restated figures (Note 2.3)

Net financial debt includes lease liabilities as a consequence of applying IFRS 16 in the amount of EUR 20,678 thousand (EUR 16,504 thousand as at 31 December 2021). If these liabilities were to be omitted, as at 31 December 2022 the net financial debt would be reduced to EUR 347,266 thousand (EUR 427,041 thousand as at 31 December 2021) and the leverage would be of 71.9%(74.7% as at 31 December 2021).

The financial assets as well as financial liabilities to Group companies or related companies have been excluded from net financial debt.

Guarantee terms risk

In order for the Group to be able to carry out its activity, it has to provide the guarantees connected to the electricity purchase. The guarantees are provided in the form of guarantees issued by a bank and/or an insurance company, some of which are secured by the positive net liquidity position of the Group.

Should the financial institutions that grant the guarantees decide to cancel them, the Group's retailing activity would become limited, which could, to some extent, affect its viability. Likewise, if those financial institutions modified substantially the terms of the guarantees they had granted (cost, validity, warranties, among others), such modification could affect the profitability of the Audax Renovables Group.

As at 31 December 2022 and 2021, the Group does not incur this risk, therefore it carries out its daily operations with perfect normality.

Access to finance

In the division of energy generation the development of the facilities under construction, owned by the Group, the financing conditions and the amount of own funds to be contributed by the Group depends on the availability of finance services and on the existence of loan on the loan market for financing the renewable energy projects.

Financing the renewable energy projects with loans may imply, as a guarantee for the financial institutions, the necessity to pledge all or some of the shares of the Audax Renovables Group's investee companies.

Climate change risk

The green taxonomy is a system established for the purpose of classifying economic activities and providing the businesses and investors with a clear definition of sustainable activity. The main goal of the system is to encourage capital investments for the purpose of financing sustainable development and mitigating the climate change under very clear denominations, aligned with the Paris Agreement and OECD objectives.

Successful implementation of the European taxonomy is fundamental for the continent to achieve the proposed climatic and environmental goals and for the future generations to be able to enjoy a healthy and habitable world. Under the EU Taxonomy Regulation (hereinafter, the "Regulation"), a "green" list has been created, which groups and classifies economic activities which are considered environmentally sustainable according to the recommendations of the Technical expert group on sustainable finance, who established and developed the technical criteria in order to classify these activities.

In this regard, Audax Renovables is deeply involved in fighting the climate change. Therefore, relevant decisions are made by the highest level of management within the Group, i.e. the Board of Directors.

For the Company, bearing in mind Delegated Regulation 2178, which implements the obligation for businesses to publish certain information regarding sustainability, it will signify immediate alignment with the sustainability goals set by the Group, with the aim of maintaining a significant portfolio of investments in photovoltaic and wind energy, as defined in its Strategic Plan 2021-2026, in order to generate and incorporate distribution of energy from 100% renewable sources. The Board of Directors intends to continue evaluating and implementing sustainability plans, as well as analysing risks and designing processes in response to climate change.

The objectives of the Paris Agreement aim to keep the increase of global temperatures at below 2ºC and achieve climate neutrality by 2050. The Group had in mind the potential effects of climate change while formulating the annual accounts for the year 2022. Therefore, the Group considered these effects while analysing the impairment of non-financial assets. The projections were based on the best available information about the future and include the planned investments in each CGU at the moment. Additionally, these projections consider the expected effect on the market prices of energy.

NOTE 18 – TAX SITUATION

From the year 2022 on, the Parent Company as the head entity of the tax group is subject to Corporate Income Tax under the consolidated tax system.

Companies belonging to the Audax Renovables, S.A. Tax Group:

Audax Renovables, S.A.	Tohora Solar Inversión, S.L.U.	Energía Ecológica Económica, S.L.
Generación Iberia, S.L.U.	Tarakona Solar Inversión, S.L.U.	Pasión Energía, S.L.
Eólica El Pedregoso, S.L.	Zurván Gestión de Proyectos, S.L.	Eryx Investments 2017, S.L.U.
Eólica Del Pino, S.L.	ADX Sonne, S.L.	Unieléctrica Energía, S.A.
Audax Solar SPV IV, S.L.U.	Audax Solar SPV XXIV, S.L.U.	Explotación Eólica La Pedrera, S.L.U.
Audax Solar SPV VI, S.L.U.	Audax Solar SPV XXV, S.L.U.	Fox Energía, S.A.
Audax Solar SPV VII, S.L.U.	Audax Solar SPV XXVI, S.L.U.	ADX Renovables, S.L.U.
Audax Solar SPV IX, S.L.U.	ADS Energy 8.0., S.L.U.	
Audax Solar SPV X, S.L.U.	Masqluz 2020, S.L.	
Coral Perkins, S.L.U.	Comercializadora ADI España, S.L.U.	
Aznalcóllar Solar, S.A.U.	By Energyc Energía Eficiente, S.L.	
Solar Buaya Inversiones, S.L.U.	Love Energy, S.L.	

Apart from in Spain, the Group operates and pays taxes in Italy, the Netherlands, Poland, France, Germany, Hungary and Portugal.

Deferred taxes

The following table reflects the movement throughout 2022 and 2021 in deferred taxes:

	Balance 31.12.21	Recognitions	Derecognitions	Change to scope	Transfers	Translation differences	Balance 31.12.22
Deferred tax assets	14,878	4,140	(4,412)	8	-	(7)	14,607
Deferred tax liabilities	(21,455)	(38)	6,325	-	-	5	(15,163)
Total	**(6,577)**	**4,102**	**1,913**	**8**	**-**	**(2)**	**(556)**

	Balance 31.12.20	Recognitions	Derecognitions	Change to scope	Transfers	Translation differences	Balance 31.12.21
Deferred tax assets	8,109	8,383	(1,606)	-	-	(8)	14,878
Deferred tax liabilities	(16,502)	(8,138)	3,180	-	-	5	(21,455)
Total	**(8,393)**	**245**	**1,574**	**-**	**-**	**(3)**	**(6,577)**

Recognised deferred tax assets and liabilities have mostly an estimated term of reversal or realisation over 12 months.

The main deferred tax assets correspond to the recognition of tax receivables from losses for previous years, as well as temporary differences from recognised expenses that have not yet become tax-deductible, and to the tax impact of the recognition of hedge derivative liabilities. In 2022 the additions correspond mainly to the capitalisation of a tax credit in Audax Renovables S.A. in the amount of EUR 1,750 thousand and to the temporary differences from non-deductible cost, primarily financial expenses. The recognitions in the year 2021 corresponded to the recording of deferred tax assets from the tax impact of hedge derivative liabilities (Note 9).

Deferred tax liabilities include mainly the tax effect of the purchase price allocation to certain intangible assets in business combination transactions, the most important of them being the tax deferred liability connected with the business combinations of Audax Netherlands B.V. and of Unieléctrica Energía S.A. The derecognitions in the year 2022 correspond to the recording of deferred tax liabilities from the tax impact of the recognition of hedge derivative assets (Note 9).

The amount of deferred tax assets and deferred tax liabilities charged or credited to equity refer to the record of hedge derivatives and are as follows:

	Balance 31.12.22	Balance 31.12.21
Deferred tax assets	5,326	3,417
Deferred tax liabilities	(6,733)	(7,722)
Total	**(1,407)**	**(4,305)**

Corporate Income Tax expenses

The reconciliation between the applicable tax rate and the effective tax rate for the year 2022 and 2022 is as follows:

	2022	%	2021*	%
Income before tax	**12,574**		**(1,621)**	
Theoretical tax	**3,144**	**25%**	**(405)**	**25%**
Tax difference foreign subsidiaries	119		1,033	
Non-deductible cost and other permanent differences	(1,798)		(144)	
Divestment and other tax recoveries	377		-	
Reversal of non-deductible impairment	(793)		-	
Recovery of tax losses carried forward, deductions and similar	1		(1,632)	
Unrecognised tax credits	3,609		3,454	
Negative differences in business combinations and similar	492		-	
Other deferred tax adjustments	(128)		(345)	
Other adjustments	(217)		(269)	
	4,806		**1,692**	

* Restated figures (Note 2.3)

The main components of the income tax expenses are the following:

	At 31.12.22	At 31.12.21*
Current expenses for the year	6,840	4,152
Income from use of tax credits and tax losses carried forward	1	(1,632)
Recognition of tax credits	(2,352)	-
Deferred tax and others	317	(828)
Total	**4,806**	**1,692**

* Restated figures (Note 2.3)

Tax loss carry-forward and other tax credits

As at 31 December 2022 the Group has unrecognised tax loss carry-forwards available for offset, amounting to EUR 222,824 thousand, as well as a tax credit from deferred tax asset amounting to EUR 4,101 thousand (EUR 4,356 thousand at 31 December 2021). The breakdown of these unrecognised credits is as follows:

	At 31.12.22	At 31.12.21
Tax loss carry-forward	48,034	46,353
Deferred tax assets	4,101	4,356
Total	**52,135**	**50,709**

As at 31 December 2022, and in relation to these amounts, the Audax Renovables Group has recognised in the consolidated annual accounts a tax credit of EUR 5,027 thousand, corresponding to the tax credits whose recoverability has been considered probable.

The breakdown of these unrecognised tax credits according to their origin as at 31 December 2022 is as follows:

	EUR thousands
Spanish companies	35,007
Foreign companies	17,128
Total	**52,135**

The tax recovery of these credits will be determined primarily by the nature of each credit, its geographical origin and specific limitations of each tax environment.

Under current tax legislation, a tax return cannot be considered definitive until it is verified by the tax authorities or the four-year limitation time has elapsed.

On 20 May 2022 the Spanish tax administration informed Audax Renovables S.A. of having commenced the verification and investigation of the tax returns of corporate income tax, value-added tax and personal income tax presented during the fiscal years 2017 to 2020. As at the day of formulating these consolidated financial statements, the Group is attending to the requirements of the tax administration regarding information.

The consolidated companies that comprise the Group in Spain are opened to tax inspection for all applicable taxes for the last four years.

NOTE 19 – INCOME AND EXPENSES

Ordinary Income

The breakdown of ordinary income is as follows:

	2022			2021*		
	Spain and Portugal	Rest of World [1]	Total	Spain and Portugal	Rest of World [1]	Total
Total operating revenue	**1,259,241**	**1,366,652**	**2,625,893**	**1,046,102**	**632,462**	**1,678,564**

Rest of World [1] includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system (Note 2.3)

The amount of sales is recorded as income at the moment of delivery of the energy to the client, depending on the amounts supplied, and includes an estimation of the energy supplied not yet invoiced at the accounting closing date, because it has not been measured as a consequence of the normal process of meter reading cycle (Note 10).

Procurement

The breakdown of procurement is as follows:

	2022			2021*		
	Spain and Portugal	Rest of World [1]	Total	Spain and Portugal	Rest of World [1]	Total
Total Procurement	**1,174,340**	**1,314,826**	**2,489,166**	**979,466**	**581,763**	**1,561,229**

Rest of World [1] includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system (Note 2.3)

As indicated in previous paragraph, as the usual date of meter readings does not coincide with the balance sheet date for the financial year, the Group makes an estimate relating to the not received invoices for electricity and gas toll costs, as well as to the purchase of the energy supplied to the client. The balances accumulated under this heading are included in the "Trade and other payables" account of the liabilities in the Balance Sheet (Note 16).

The Parent Company has signed several long-term power purchase agreements with diverse non-related companies. Under these agreements the Company will purchase directly an expected aggregated maximum of energy of approximately 1.20 TWh/ Year (2.04 TWh/year in 2021). These agreements have an expected validity period of between 10 and 20 years and are subject to certain conditions. Given the nature of these agreements, the Group does not consider them to be financial derivatives.

Wages and salaries

The breakdown of employee remuneration for the year 2022 and 2021 is as follows:

	2022	2021
Wages and salaries	23,429	21,603
Employer contributions	5,036	5,010
Other social expenses	1,591	1,119
Total	**30,056**	**27,732**

The average number of employees for the years 2022 and 2021 is as follows:

	2022	2021
Senior Management*	4	3
Management	19	17
Leadership	32	30
Middle Management	51	42
Others	692	688
Total	**798**	**780**

* Including internal auditor

In accordance with the provisions of the Gender Equality Act, Organic Law 3/2007/22 March, published in the Official State Gazette of 23 March 2007, the average number of employees of the Audax Renovables Group at the end of 2022 and 2021 broken down by category and gender is as follows:

	31.12.22		31.12.21	
	Women	Men	Women	Men
Senior Management*	2	2	1	2
Management	4	16	1	15
Leadership	16	16	16	16
Middle Management	29	28	24	20
Others	431	243	434	274
Total	**482**	**305**	**476**	**327**

* Including internal auditor

The average number of employees with a disability equal to or greater than 33% (or equivalent local qualification) during the years 2022 and 2021, by category, is as follows:

	Average number	
	2022	2021
Middle Management	-	1
Others	4	5
Total	**4**	**6**

Other operating expenses

The breakdown of Other operating expenses in the years 2022 and 2021 is as follows:

	2022	2021
Leases	863	336
Repairs and maintenance	5,237	2,867
Counselling services	11,288	10,268
Insurance premiums and commissions	3,782	2,943
Supplies and other services	3,893	3,498
Other operating expenses	10,951	10,648
Taxes	17,046	13,867
Loss, impairment and change in provisions	9,037	3,504
Total	**62,097**	**47,931**

NOTE 20 – NET FINANCIAL INCOME (EXPENSE)

The breakdown of this account in the consolidated profit and loss statement for the years 2022 and 2021 is as follows:

	2022	2021
Financial income from shareholding in third parties	87	-
Financial income from group companies receivables	1,309	126
Financial income from third party receivables	7,255	677
Financial expenses arising from bond issuing	(20,395)	(17,582)
Financial expenses from debt and other financial cost	(12,328)	(11,233)
Impairment and profit (loss) on disposal of financial instruments	(302)	1,669
Change in fair value of financial instruments	-	35
Exchange differences	1,702	(147)
Financial profit (loss)	**(22,672)**	**(26,455)**

NOTE 21 – CASH FLOWS

Cash flows from operating activities

The composition of the cash generated in operating activities in 2022 and 2021 is as follows:

	2022	*2021 Restated**
Cash flows from operating activities		
Profit (loss) for the year before tax	**12,574**	**(1,621)**
Adjustments to results	**46,443**	**47,358**
Amortisation and depreciation	21,849	21,968
Valuation adjustments due to impairment	3,806	3,091
Changes in provisions	1,320	2,308
Allocation of subsidies	(251)	(257)
Profit (loss) on derecognition and disposal of fixed assets	-	153
Profit (loss) on derecognition and disposal of financial instruments	302	(1,704)
Financial income	(8,651)	(803)
Financial expenses	32,723	28,815
Exchange differences	(1,702)	147
Changes in fair value of financial instruments	-	(6,417)
Other income and expenses	(2,953)	57
Changes in working capital	**109,953**	**(100,912)**
Inventory	(4,869)	(3,619)
Accounts receivable	(1,429)	(101,371)
Other current assets	8,990	(29,862)
Accounts payable	49,019	35,279
Other current liabilities	58,242	(10,226)
Other non-current assets and liabilities	-	8,887
Other cash flows from operating activities	**(17,724)**	**(18,870)**
Payments of interest	(18,046)	(19,546)
Collections of interest	7,255	676
Income tax payments	(6,933)	-
Cash flows from operating activities	**151,246**	**(74,045)**

* Restated Figures (Note 2.3)

NOTE 22 – INFORMATION ON RELATED PARTY TRANSACTIONS

Related parties are:

a) Significant shareholders of Audax Renovables, S.A., meaning those who directly or indirectly hold an interest equal to or exceeding 3%, as well as shareholders which, while not being significant, have exercised the power to appoint a member of the Board of Directors.

   According to the above definition, Eléctrica Nuriel, S.L.U. is considered to be a related party.

b) The Directors and Senior Management of any company belonging to the Audax Renovables Group and their immediate families, "Directors" meaning members of the Board of Directors, and "Senior Management" meaning people who report directly to the Company's Board of Directors or its Chief Executive Officer and, at all events, its internal auditor. Transactions with the Directors and senior management of the Audax Renovables Group are disclosed in Note 23.

c) All the companies belonging to the Excelsior Group.

d) Shareholders or partners who hold directly or indirectly a minimum of 25% of shares of an entity of the Group.

The transactions between related companies have been carried out at arm's length.

The transactions involving services rendered between Group companies have been objective and unbiased and carried out at arm's length, based on the incremental cost system, under which the estimated cost plus a margin has been allocated to the different Group or related companies. Thus, the costs shared by the Parent Company and other Group companies are distributed and charged by project and activity, based on parameters of activity and hourly charges (using periodical slips per employee). Detailed definitions of the services and remits to be carried out are prepared, and the average indicators used to calculate the charges are determined.

Moreover, the loans that the Parent Company has extended to the Group companies, associates or multi-group companies accrue financial interest based on a market rate.

The balances and transactions carried out in the years 2022 and 2021 between Audax Renovables, S.A. and its subsidiaries and the related parties are as follows:

a) Balances with related parties:

Accounts payable and receivable with related parties as at 31 December 2022 and 31 December 2021 are as follows:

2022	**Group companies**	**Other related parties**	**Total**
Loans and receivables			
Loans (Note 8)	35,227	11,727	46,954
Total non-current assets	35,227	11,727	46,954
Trade and other receivables			
Short-term receivables from group companies and associates	216	186	402
Total current assets	216	186	402
Total assets	**35,443**	**11,913**	**47,356**
Long-term payables to group companies and associates	-	33,651	33,651
Total non-current liabilities	-	33,651	33,651
Short-term payables to group companies and associates	12,017	2,049	14,066
Trade and other payables			
Short-term payables to suppliers, group companies and associates	3,315	37	3,352
Total current liabilities	15,332	2,086	17,418
Total liabilities	**15,332**	**35,737**	**51,069**

2021	Group companies	Other related parties	Total
Loans and receivables			
Loans (Note 8)	38,822	11,471	50,293
Total non-current assets	38,822	11,471	50,293
Trade and other receivables			
Short-term receivables from group companies and associates	251	86	337
Loans and receivables			
Loans (Note 8)	-	-	-
Total current assets	251	86	337
Total assets	**39,073**	**11,557**	**50,630**
Long-term payables to group companies and associates	-	523	523
Total non-current liabilities	-	523	523
Short-term payables to group companies and associates	49,354	(280)	49,074
Trade and other payables			
Short-term payables to suppliers, group companies and associates	3,530	121	3,651
Total current liabilities	52,884	(159)	52,725
Total liabilities	**52,884**	**364**	**53,248**

The amount of loans and non-current receivables in the year 2022 corresponds mainly to a loan granted to Eléctrica Nuriel, S.L.U. in the amount of EUR 35,227 thousand. The balance for the year 2021 corresponded mainly to a loan granted to Eléctrica Nuriel, S.L.U. in the amount of EUR 38,468 thousand.

Loans and non-current receivables with other related parties for the year 2022 and 2021 include loans granted to the companies incorporated by the equity method and other investee companies which do not comprise the Group, in the amount of EUR 11,471 thousand.

The balance of non-current payables to group companies for the year 2022 corresponds mainly to the amount payable by various companies of the Audax Renovables, S.A. group to IKAV Debo Prime S.L.U. of EUR 33,562 thousand (see Note 2.5.b).

The balance of current payables to group companies for the year 2022 corresponds mainly to the amount payable by Audax Renovables, S.A. to Excelsior Times, S.L.U. of EUR 10,000 thousand for the contributions that were made.

The balance of current payables to group companies for the year 2021 corresponded mainly to the amount payable by Audax Renovables, S.A. to Excelsior Times, S.L.U. of EUR 44,892 thousand for the contributions that were made.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments for the total amount of payables to Group companies and associates is the negative amount of EUR 8,956 thousand, EUR 39,900 thousand of collections from acceptance of loans or repayment of the loans granted, and EUR 48,856 thousand of payments for the granting of loans, contributions or repayment of received loans.

b) Related party transactions

The amounts of the related party transactions are as follows:

2022	Group companies	Other related parties	Total
Income and similar			
Net sales	11,840	646	12,486
Services rendered	204	105	309
Financial instruments			
Financial income	1,309	-	1,309
Total income	**13,353**	**751**	**14,104**
Expenses and similar			
Purchases	1,092	-	1,092
Purchase of fixed assets	2,236	6,098	8,334
Other received services	3,820	53	3,873
Financial instruments			
Financial expenses	2,448	-	2,448
Total Expenses	**9,596**	**6,151**	**15,747**

2021	Group companies	Other related parties	Total
Income and similar			
Net sales	197	413	610
Services rendered	254	126	380
Financial instruments			
Financial income	126	-	126
Total income	**577**	**539**	**1,116**
Expenses and similar			
Purchases	690	-	690
Purchase of shares	43,011	-	43,011
Purchase of fixed assets	-	3,112	3,112
Other received services	2,705	136	2,841
Financial instruments			
Financial expenses	2,925	-	2,925
Total Expenses	**49,331**	**3,248**	**52,579**

Net sales for the year 2022 correspond mainly to the energy supply by Audax Renovables, S.A., the head company of the Audax Renovable Group, to La Sirena Alimentación Congelada, S.A.U. for the amount of EUR 11,500 thousand.

Financial income for the year 2022 corresponds mainly to the interest accrued in the amount of EUR 1,299 thousand on the loan of the credit line type granted by Audax Renovables, S.A., the head company of the Audax Renovables Group, to Eléctrica Nuriel, S.L.U., with a limit of EUR 125,000 thousand.

Purchase of shares in 2021 refers to the acquisition of company shares by the Group from Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) and Audax Green, S.L.U., both companies belonging to the Excelsior Group, for a total amount of EUR 43,011) thousand (Note 2.5.b).

Purchase of fixed assets refers mainly to solar projects carried out by the related company DJL Renovables, S.L. to various companies of the Group for the amount of EUR 5,980 thousand (EUR 3,112 thousand in the year 2021).

During the year 2022, the company Excelsior Times, S.L.U., the parent company of the Excelsior Group, has rendered management services to Audax Renovables, S.A., the parent company of the Audax Renovables Group, for the amount of EUR 2,160 thousand (EUR 2,160 thousand in 2021).

Moreover, in the year 2022 the Group recorded financial expenses with Excelsior Times, S.L.U. for a commission for the assignment of receivables, in the amount of EUR 2,425 thousand (EUR 2,925 thousand in the year 2021). This transaction, carried out in the form of an agreement dated 29 December 2022 between Audax Renovables, S.A. (assignor company) and Excelsior Times, S.L.U. (assignee company), consists in the assignment of certain receivables from clients and is guaranteed by Eléctrica Nuriel, S.L.U., which grants a pledge on behalf of the Assignee to the Assignor with the shares of the company Audax Renovables, S.A. (assignor).

Moreover, in 2022, the Group sustained some of the costs of Orus Renovables, S.L.U. (a company belonging to the Excelsior Group) amounting to EUR 1,054 thousand, for lease of office space (EUR 458 thousand in the year 2021).

With regard to the portfolio of photovoltaic projects located in Spain and acquired from Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) on 8 May 2019, on 30 December 2020 and on 28 May 2021, as well as the portfolio of photovoltaic projects located in Portgual and acquired on 25 May 2021 from Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L., and the portfolio of photovoltaic projects located in Italy and acquired from Rocío Servicios Fotovoltaicos, S.L.U. on 11 June 2021, as the companies Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L. are subsidiaries of the Excelsior Times group, it should be mentioned that the parties undertook to sign a contract for services between the Buyer, directly or indirectly through the companies, and the Seller, as the provider of the services, in connection with the development of the projects and until putting the projects into operation (a "COD" contract), which, in accordance with the information provided in the fairness opinion on the valuation of the projects issued by Ernst&Young at the dates of the acquisition, would be calculated at the amount of EUR/MW 790,000 and EUR/MW 850,000 at the COD state for fixed or solar tracker technology, respectively.

These contracts were signed by Audax Renovables, S.A. and Rocío Servicios Fotovoltaicos, S.L.U. on 26 September 2019 and on 29 June 2021 for the portfolio of projects located in Spain and on 29 June 2021 for those located in Italy and Portugal.

Upon being put into commercial operation ("COD") the projects developed by the companies Da Vinci Energia S.L (Cañamares), Las Piedras Solar S.L.(Carolinas I and II), Elogia Calañas, S.L. (Calañas), Botey Solar, S.L. (Zarzuela I, II, III and IV) and Corot Energia, S.L. (Alberizas I, II, III and IV) during the year 2022 and in accordance with the service contracts mentioned above, a settlement was made in the amount of EUR 2,126 thousand paid to Rocío Servicios Fotovoltaicos, S.L.U.

All the transactions with related parties are carried out at market prices.

In the year 2022 and 2021 there were no transactions entered into with Directors and senior management.

NOTE 23 - INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the Board of Directors

The Ordinary Meeting of Shareholders of the Parent Company, held on 21 April 2021, approved, in accordance with the previous report of the Appointments and Remuneration Committee and on the motion of the Board of Directors, a new remuneration policy of remuneration to the directors of the Parent Company, applicable in the years 2021, 2022 and 2023.

The Company's remuneration policy is designed to reward dedication, qualification and responsibility required by the office of Director, without compromising their independence. The remuneration recognizes the attendance and participation of the Directors in the sessions of the Board of Directors and its Commissions.

The remuneration comprises (i) a monetary remuneration which the directors may receive for their attendance at the meetings of the Board of Directors, of the Audit Committee and of the Appointments and Remuneration Committee, as appropriate, in accordance with the criteria established in the remuneration policy; and (ii) a monetary remuneration for the directors who were given executive duties. Moreover, there is a remuneration for coordination duties, paid to the coordinating director of the Parent Company.

In the year 2022 the amount accrued by all the members of the Board of Directors of Audax Renovables, S.A. was of EUR 818 thousand (EUR 558 thousand in 2021) for their membership of the Board and its various Delegated Committees, as well as remuneration for their employment relationship or direct responsibilities at different executive levels, where appropriate.

In the year 2022 the expenses for civil liability insurance premium of the Directors and Senior Management amount to EUR 113 thousand (EUR 80 thousand in 2021).

As at 31 December 2022 and 2021 the Board of Directors of the Parent Company is composed of 4 men and 2 women.

Other information on Directors

Article 229 of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010, has imposed on Directors, or their individual representatives, the duty to report to the Board of Directors, and failing that, the other Directors, or, in the case of a Sole Administrator, the General Meeting of Shareholders, any direct or Indirect conflict of interest they may have with the Company. The affected Director must abstain from intervening in the resolutions or decisions on the operation to which the conflict refers.

In the years 2022 and 2021 no contracts were terminated, amended or early extinguished between the Company and any of its shareholders or Board members or persons acting on their behalf, which would concern transactions beyond the usual scope of the Company's business activity, or which would be entered into on terms different than usually.

Likewise, it should be underlined that all the Directors have declared that they are not subject to any direct or indirect conflict of interest with the Parent Company and its subsidiaries.

Senior Management's remuneration

The remuneration charged for all kinds of reasons in the year 2022 by the Senior Management amounted to EUR 401 thousand (EUR 490 thousand for the year 2021).

As at 31 December 2022 the Senior Management of the Group is made up of two women and two men, including the internal auditor (one woman and two men as at 31 December 2021).

NOTE 24 - AUDITORS' FEES

The professional fees for the services rendered by the audit company KPMG Auditores, S.L. in auditing the annual consolidated financial statements of the Group in the years ended on 31 December 2022 and 2021, regardless of the moment of invoicing, are as follows:

	EUR thousands	
	2022	**2021**
Audit services	430	335
Other services	115	95
Total	**545**	**430**

Furthermore, in the years ended on 31 December 2022 and 2021 the Group was invoiced for net professional fees of other entities associated to KPMG International, according to the following breakdown:

	EUR thousands	
	2022	**2021**
Audit services	290	224
Other services	53	73
Total	**343**	**297**

On the other hand, other auditors have not invoiced the Group for professional services in the year ended on 31 December 2022, nor in the previous year ended on 31 December 2021.

NOTE 25 – COMMITMENTS AND CONTINGENCIES

Guarantees with third parties

As at 31 December 2022 the Group has been given bank guarantees amounting to EUR 189,445 thousand (EUR 168,924 thousand as at 31 December 2021) to cover the relevant obligations with third parties. The guarantees have been granted mainly to cover the transactions of electricity purchase on the market.

The Group does not expect that significant liabilities arise from the guarantees and sureties that have been granted.

Apart from the guarantees or bank guarantees which the Group provides in order to carry out its activity, there are pledges and limitations to the cash disposition, related to the existence of various deposits in the amount of EUR 38,940 thousand (EUR 25,898 thousand as at 31 December 2021), which are pledged to various financial institutions and are classified as current financial assets.

Contractual commitments

From the year 2019, the Group applies the new IFRS 16, which eliminates the classification between operating leases and finance leases, recognised in the balance sheet as the right-of-use assets and liabilities of the same amount at present value of the future payments to be made over the lease term (Note 14.).

This way, the future lease payments are recognised in the Balance sheet under the "Lease liabilities" heading.

Contingencies

The Audax Renovables Group considers that the provisions and value adjustments recorded in theses consolidated annual accounts adequately cover the risks related to any possible contingencies and therefore, it does not expect that they will generate any liabilities or value adjustments other than those which have been recorded (Note 13).

NOTE 26 - ENVIRONMENT

Environmental aspects are borne in mind throughout the processing and construction of facilities, and all necessary studies required under the legislation of each country are prepared.

In the year 2022 and in relation to the operating facilities, the Group incurred environmental expenses amounting to EUR 61 thousand, mainly for wildlife conservation purposes (EUR 64 thousand in 2021).

NOTE 27 – GREENHOUSE GAS EMISSIONS RIGHTS

On 27 August 2004 Royal Decree Law 5/2004, which regulates the regime for trading in greenhouse gas emissions rights, was adopted, the objective of which was to assist in complying with the obligations under the Kyoto Protocol Convention.

The Group has not been assigned CO2 emissions and has no expenses arising from the consumption of these rights. The Management of the Audax Renovables Group does not expect that any penalties or contingencies will arise from compliance with the requirements under Law 1/2005.

The wind farm of the Polish company Eólica Postolin Sp. z o.o. was endorsed to obtain Green Certificates. The volume of Green Certificates generated during the year 2022 by the company amounts to EUR 3,011 thousand (EUR 4,216 thousand in the previous year).

NOTE 28 - SUBSEQUENT EVENTS

On 31 January 2023 the Audax Renovables Group signed an agreement on market access with Shell Energy Europe Limited, under which the latter will become, with certain exceptions, the external exclusive provider of electricity and natural gas to the Audax Group in Spain during an initial period of 5 years.

The agreement ensures better access to future positions than by going directly to the wholesale market and will improve directly the Group's working capital position in its operations in Spain.

In January and February 2023 Audax Renovables proceeded to acquire 102,339 own shares, in accordance with the share Repurchase Programme authorised by the General Meeting of Shareholders on 16 June 2022, which establishes the maximum amount of EUR 1,000 thousand assigned for the purpose.

APPENDIX I: AUDAX RENOVABLES GROUP COMPANIES

AUDAX RENOVABLES GROUP COMPANIES AS AT 31 December 2022

a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
Generación Iberia, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	-
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%	-
Audax Energie, Gmbh	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	-
Audax Renewables Polska Sp z o.o	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100%	-
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	The Netherlands	Retailing	100%	-
Audax Renewables Kft.	Vaci ut 17, H1134 Budapest (Hungary)	Hungary	Retailing	100%	-
Audax Gas Trading Kft	4024 (postal code) Debrecen (city), Kossuth utca (street) 42 (street number)	Hungary	Retailing	100%	-
Eólica El Pedregoso, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	-
Eólica Del Pino, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	-
Eoliennes De Beausemblant, S.A.S.	1 Côte Lavigne 64800 Mirepeix (France)	France	Generation	80%	-
Eólica Postolin Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100%	-
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	65%	-
Audax Solar SPV IV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VII, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV IX, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV X, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Coral Perkins, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Aznalcóllar Solar, S.A.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Solar Buaya Inversiones, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XV, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	60%	-
Merfonda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	60%
Sarda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	60%
Tohora Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Tarakona Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Zurván Gestión de Proyectos, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Ulises Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
ADX Sonne, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Holding	100%	-
Arianna Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Holding	51%	-
Botey Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Corot Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Las Piedras Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Da Vinci Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Elogia Calañas, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Corinto Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Centauro Energia Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51%
Zeus Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Hera Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Juno Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Diana Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Atlas Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXIV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXVI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	-

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
Green Show, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	95%	5%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100%
Clever Road, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	100%	-
Audax Solar SPV Italia 1, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 2, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 3, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 4, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 5, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 6, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
ADS Energy 8.0., S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	-
Masqluz 2020, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	-
Comercializadora ADI España, S.L.U. (formerly Alset Comercializadora, S.L.U.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75%	-
By Energyc Energía Eficiente, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	-
Love Energy, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	-
Energía Ecológica Económica, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	-
Pasión Energía, S.L. (formerly Feed Energía, S.L.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75%	-
Eryx Investments 2017, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	-
Unieléctrica Energía, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	100%
Explotación Eólica La Pedrera, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	100%
Fox Energía, S.A.	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	20%	69%
Nabalia Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	-	58%
Acsol Energía Global, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	63%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	-	63%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	-	67%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	-	69%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	-	58%
Propensalternativa Unipessoal, LDA	Avenida Engenheiro Arantes e Oliveira 3 rc, 1900-221 Lisboa	Portugal	Retailing	-	58%
ADX Renovables, S.L.U.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	100%

b) Shareholdings in associated companies and joint ventures

				Shareholding		
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**	**Controlling relation**
Audax Solar SPV XXVII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXVIII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXIX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXXI, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, Panama	Panama	Generation	30%	-	Significant influence

AUDAX RENOVABLES GROUP COMPANIES AS AT 31 December 2021

a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
Generación Iberia, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%	-
Audax Energie, Gmbh	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	-
Audax Energía Sp. z o.o.	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100%	-
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	The Netherlands	Retailing	100%	-
Audax Renewables Kft.	Vaci ut 17, H1134 Budapest (Hungary)	Hungary	Retailing	100%	-
Audax Gas Trading Kft	4024 (postal code) Debrecen (city), Kossuth utca (street) 42.(street number)	Hungary	Retailing	100%	-
Eólica El Pedregoso, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Eólica Del Pino, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Eoliennes De Beausemblant, S.A.S.	1 Chemin Lavigne 64800 Mirepeix (France)	France	Generation	80%	-
Eólica Postolin Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100%	-
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	65%	-
Audax Solar SPV IV, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VI, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VII, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV IX, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV X, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Astendong, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Coral Perkins, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Aznalcóllar Solar, S.A.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Solar Buaya Inversiones, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXVI, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XV, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	60%	-
Merfonda Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	-	60%
Sarda Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	-	60%
Botey Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Corot Energía, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Las Piedras Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Da Vinci Energía, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Elogia Calañas, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Corinto Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Centauro Energia Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Tohora Solar Inversión, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Tarakona Solar Inversión, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Zurván Gestión de Proyectos, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXIV, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXV, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Green Show, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	95%	5%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100%
Clever Road, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	100%	-
Audax Solar SPV Italia 1, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 2, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 3, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 4, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 5, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
Audax Solar SPV Italia 6, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	-
ADS Energy 8.0., S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
Masqluz 2020, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Alset Comercializadora, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
By Energyc Energía Eficiente, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Love Energy, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Energía Ecológica Económica, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Feed Energía, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Eryx Investments 2017, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Unieléctrica Energía, S.A.	Avenida Brillante 114, Córdoba	Spain	Retailing	-	100%
Explotación Eólica La Pedrera, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	-	100%
Fox Energía, S.A.	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	20%	69%
Nabalia Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	-	58%
Acsol Energía Global, S.A.	Rd de Europa 60 (edificio Eurocentre), Vilanova i la Geltrú (Barcelona)	Spain	Retailing	-	63%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	-	63%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	-	67%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	-	69%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	-	58%
Propensalternativa Unipessoal, LDA	Avda. das Naçoes Unidas, 23, Telheiras,1600531 Lisboa (Portugal)	Portugal	Retailing	-	58%

b) Shareholdings in associated companies and joint ventures

				Shareholding		
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**	**Controlling relation**
Audax Solar SPV XXVII, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXVIII, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXIX, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXX, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Audax Solar SPV XXXI, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	50%	-	Significant influence
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, Panama	Panama	Generation	30%	-	Significant influence

AUDAX RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2022

The following Consolidated Directors' Report for the Year 2022 has been drawn up in accordance with the "Guide for Setting up Listed Companies' Management Reports" issued by the CNMV.

1. Entity's situation

Audax Renovables, S.A. (hereinafter: Audax Renovables, Audax or the Company), incorporated in the year 2000 under the name of Fersa Energías Renovables, S.A., currently has its registered office at: Calle Electrónica, 19, planta 7, puerta C, 08915, Badalona (Barcelona).

Audax and its Subsidiaries (hereinafter: the Group) operates on the markets in Spain, Portugal, Poland, Germany, Italy, France, the Netherlands, Panama and Hungary.

Its principal objects include:

- Development, construction and exploitation of all kinds of activities related to electricity generation from 100% renewable sources.

- Energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as all the necessary additional activities.

In 2003 the shares of Audax were admitted to trading on the secondary market of the Barcelona Stock Exchange and in 2007 they were included in the SIBE (integrated stock exchange system) of the Madrid Stock Exchange. Now the shares are traded on the Spanish Continuous Market with the ticker symbol of ADX.MC. From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

In August 2016 Audax Energía, S.A., after its takeover bid had been accepted by 70.86% of the shareholders of Audax Renovables, became the majority shareholder the latter. The transaction was in line with the strategy of Audax Energía, S.A. of vertical integration between the generation and the retailing activities in order to mitigate the impact of electricity price fluctuations on the business margins.

On 25 January 2019 the Commercial Register in Barcelona registered the merger by absorption approved on 23 November 2018 by the board of directors of both companies, Audax Renovables, S.A. as the absorbing company, and Audax Energía, S.A. as the absorbed company.

The distribution of the share capital of Audax as at 31 December 2022 is as follows:

	Shareholding	
Shareholder	**31/12/2022**	**31/12/2021**
Eléctrica Nuriel, S.L.U. (*)	64.32%	65%
Free float	35.68%	35%
Total	**100.00%**	**100%**

*Additionally, Eléctrica Nuriel, , S.L.U, has various rights to purchase 48 million shares of Audax Renovables, S.A., which represent 10.90% of the Parent Company.

1.1 Organisational structure

The Group manages jointly the businesses of both generating renewable energy and retailing electricity and gas in order to optimise the vertical integration that has been carried out. This allows the governing bodies of the company to facilitate the decision-making process within the existing business lines.

The information on the entity's management structure, the functions and the different regulations of the Board of Directors' committees is available in the Annual Report on Corporate Governance at the following link:

https://www.audaxrenovables.com/gobierno-corporativo/informes/

1.2. Company structure

The majority shareholder of Audax is Eléctrica Nuriel, S.L., which holds 64.32% of the shares, and the rest of shareholders hold 35.68%.

In turn, 100% of shares of Eléctrica Nuriel, S.L. belong to Excelsior Times, S.L.U. with its registered address at: Calle Temple No. 25, 08911 Badalona (Barcelona).

The most significant shareholders of the Audax Group are the following:

Shareholder	Total direct and indirect stake	
	No. of shares	% of share capital
Eléctrica Nuriel, S.L.U.	283,179,394	64.32%
Purchase rights of Eléctrica Nuriel, S.L.U.	48,000,000	10.90%
Global Portfolio Investments, S.L.	31,765,813	7.21%
Excelsior Times, S.L.U.	6,476,401	1.47%
Free Float	70,869,446	16.10%
Total	**440,291,054**	**100.00%**

The information on the companies of the Audax Group as at 31 December 2022 is available in the Appendix I to the notes to the consolidated annual accounts.

1.3. Profile and strategy

The Group's strategy in recent years has been centred around the following fundamental pillars:

1. To become the benchmark in 100% renewable energy generation by bolstering our project portfolio.

2. Strengthen Audax's leadership as the top independent retailer in the SME segment in Spain.

3. Double the profitability covering 2/3 of the energy supplied under long-term PPA contracts based on own and third parties' power generation plants.

4. Replicate the success achieved in Spain on the international markets where we already operate.

2. Evolution and results of the business

2.1. Significant events of the period

This directors' report has been formulated in macroeconomic circumstances marked by the conflict in Eastern Europe, which prolonged and accentuated the volatility and increase of commodity prices in the various markets where the Group operates.

The vertical integration of Audax mitigates the risk of volatility in the market allowing to ensure regular and stable income from the generated energy and allows the energy supply and retail to be protected against market fluctuations.

We should highlight within this period the increase of operating income, which was 56% higher than in the year 2021, due mainly to the rising prices in the markets where the Group operates.

In this challenging context, and thanks to the measures introduced by the Group in the first half of the previous year, along with Audax's efforts to vertically integrate the production and retail of energy, the gross margin increased by 17% compared to the same period of the previous year.

The increase of installed capacity by 9% in 2022 in comparison to the previous year has had direct impact, in its dimension, on the total EBITDA of the company, raising it by 16%. The profit for the year amounts to EUR 7,768 thousand in comparison to the loss of EUR 3,313 thousand at the end of 2021*.

In spite of the complexity of the year, and of the slow progress, which we still experience from some of the official bodies while carrying out the administrative procedures, Audax has continued its operations of development, construction and setup of its power generation project portfolio of 26 MW, and initiating the works on a 19 MW plant, which is also photovoltaic. During this period the scheduled investment plan has been maintained in the various photovoltaic portfolio projects.

Regarding retail, the Group continues its policy of risk reduction and market diversification. Moreover, Audax maintains the strategy of varied client segmentation while remaining focused on the corporate sector, which makes up 93% of the total portfolio.

The countries where the Group has most successfully implemented its policy of vertical integration (mainly Southern Europe) are those which have best adapted to the macroeconomic situation and yielded the best results to the Group during the present period.

* Restatement of the 2021 results:

On 15 September 2021 Royal Decree-Law 17/2021 was approved introducing urgent measures to mitigate the impact of the increase of the price of natural gas on the retail market of gas and electricity. Among other aspects, the Royal Decree provided that energy retailers should apply to the customers certain discounts related to the charges of the electric system, which were registered correctly by the Group, together with a reduction of the "Period adjustments and other current assets" and "Ordinary income" accounts of the consolidated financial statements for 2021 by the amount of EUR 6,078 thousand. However, according to the Royal Decree mentioned above, the effect for the Group should have been neutral, because the distribution companies were required to apply the same discounts to the amounts they charged the Group.

At the date of formulating the consolidated annual accounts for the year 2021 the Group did not identify any discounts applied to the amounts payable to the distribution companies since the implementation of Royal Decree 17/2021. Therefore, the Group decided to record an account receivable from Public Administrations under "Other receivables from Public Administration" and an income under "Net turnover" in the total amount of EUR 6,078 thousand, considering that there was a receivable on the grounds of the discounts applied to the consumers.

Nevertheless, over the year 2022 it was discovered that the distribution companies actually did apply those discounts to their invoiced amounts, as a reduced expense in the amount of EUR 6,078 thousand under the "Procurement" account of the consolidated income statement of the consolidated annual accounts for the year 2021.

The Group proceeded to correct the error in the comparative figures for 2021 in the current consolidated annual accounts. The net impact on the net income was of EUR 4,558 thousand of lower income attributable to the parent company after discounting the relevant tax effect.

(See Note 2.3 of the Notes to the consolidated annual accounts).

Among the most important events of the period, we can point out the following:

- At the beginning of March, the Group informed about the commencement of the construction of the photovoltaic project Zaratán of 12.3 MWp total capacity. The project comprises 22,560 modules of 545 Wp of single axis solar tracker, which will allow to generate 21.5 GWh/year, corresponding to the energy use of nearly 5,500 households and approximately 17,000 individuals. The investment in clean energy will allow to avoid the emission of 3,840 tonnes of CO2 per year.

- The Government approves the National Plan in response to the consequences of the war in Ukraine on 29 March 2022, implementing RDL 6/2022 which includes an assortment of measures and proposals designed to mitigate the impact on the current economic situation, such as further extension until June 2022 of the price rate for gas, the extension of bono social (subsidy), modification of RECORE scheme, extension of fiscal measures until 30 June 2022 and the simplification of the permit-issuing process for renewable energy generation projects.

- On 26 April the Company informed of the registration of a promissory note programme named “Audax 2022 Commercial Paper Note Programme” (Programa de Pagarés Audax 2022) on the Alternative Fixed-Income Market (MARF) with a maximum outstanding balance of EUR 300,000,000 and maturity date on 25 April 2023.

- On 10 May information was released about the commencement of the construction of the photovoltaic project Miranda of 6.87 MWp total capacity. The project comprises 12,490 modules of 550 Wp of single axis solar tracker, which will allow to generate 12.2 GWh/year, corresponding to the energy use of nearly 3,500 households and approximately 11,000 individuals. Our investment in clean energy will allow to avoid the emission of 2,500 tonnes of CO2 per year.

- On 19 May a novation was signed of the framework agreement with Instituto de Crédito Oficial (ICO), Bolsas y Mercados Españoles Renta Fija, S.A.U. (MARF) and Banca March, S.A. signed on 6 August 2020, under which the guarantee of the ICO to the Company's promissory note programme incorporated in the MARF “Audax 2022 Commercial Paper Programme” (Programa de Pagarés Audax 2022) was extended. Thus, the guarantee granted by the ICO to the issues of the Company's promissory notes increased to a maximum balance of EUR 170,300,000 and the maximum amount of the guarantee is of EUR 119,210,000.

- On 2 June the rating agency ETHIFINANCE RATINGS, formerly AXESOR, confirmed the rating of Audax Renovables, S.A. at "BBB-".

- On 15 June Audax informed of having concluded an agreement with the IKAV fund amounting to EUR 40 million in photovoltaic projects. On 21 July the agreement was carried out with IKAV acquiring through one of its investment companies a share of 49% of the capital in the solar projects of Audax Renovables currently in operation (69.5 MWp) for the amount of EUR 8.8 million. Additionally, IKAV contributed long term financing in the amount of EUR 29.9 million to those operating plants, by which transaction Audax regained part of the invested capital and obtained the possibility to allocate these funds to continue the development of the projects of its portfolio.

- The European Commission approved the "Iberian Exception" and a temporary mechanism of adjusting the production costs was established in order to reduce the price of electricity on the wholesale market. The measure entered into force on 15 June 2022 and will be valid during the next 12 months. This mechanism implies that the natural gas, coal and cogeneration plants without regulated remuneration will receive a subsidy for the difference between the price of gas in MIBGAS and the reference price of €40/MWh during the first six months, which will be increased by €5/MWh every month up to €70/MWh (an average of €48.8/MWh).
  Moreover, the validity of the fiscal and social measures, already prolonged by RDL 6/2022, were further extended until the end of December 2022.

- Additionally, on 11 August 2022 the Company registered a fixed income unsecured senior bond programme for a nominal amount of up to EUR 400,000,000 under the name of “EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022” in the Alternative Fixed-Income Market ("MARF").

- On 17 October the Company was informed by the National Markets and Competition Commission of the resolution of 05/10/2022 adopted by the Competition Chamber in procedure S/0013/20 ("Resolution"). The Resolution declares the existence of prohibited conducts under article 3 of Law 15/2007 of 3 July of 2007 on Competition Protection, which constitute serious infringement of article 62.3.a) of said Law. The companies liable for the infringement, i.e. the Company and its subsidiaries ADS Energy 8.0, S.L.U., Ahorreluz Servicios Online, S.L., By Energyc Energía Eficiente, S.L., Iris Energía Eficiente, S.A. and Masqluz 2020, S.L., were fined the total amount of EUR 9,258,270.
  The Company, upon carrying out an initial analysis of the Resolution, understands that there are solid grounds for lodging an appeal against the Resolution with the competent authority. As a consequence, the Company has initiated the necessary procedures to appeal against the aforementioned sanctions in order to be declared free of liability with regard to the Resolution.

- At the end of the year the construction of 2 new photovoltaic plants of a total capacity of 26 MWp was initiated, under the names of Cuatro Caminos and El Rebollo, both located in the province of Guadalajara. With a joint investment of EUR 18.6 million approximately, the project will allow to generate 48.2 GWh/year, corresponding to the energy use of nearly 13,600 households and approximately 42,800 individuals. The investment in clean energy will allow to avoid the emission of 9,850 tonnes of CO2 per year.

- Moreover, before the year end, the Company announced the early settlement of 59 bonds of a nominal amount of EUR 5,900,000 issued in the Alternative Fixed-Income Market (MARF) within the programme "Senior Unsecured Notes of Audax Renovables, S.A. 2020" with maturity on 18 December 2027 and code ISIN ES0236463008.

- As a subsequent event, on 31 January 2023 the Audax Group signed an agreement on market access with Shell Energy Europe Limited, under which the latter will become, with certain exceptions, the external exclusive provider of electricity and natural gas to the Audax Group in Spain during an initial period of 5 years. The agreement has immediate effect on the working capital of the Company, by allowing its easier access to the market and supporting at the same time the goals featured in its strategic plan.

2.2. Analysis of the results

The most significant figures for the year 2022 in comparison to 2021 are as follows:

Consolidated profit and loss	2022	2021*	Var. (%)
Operating income [1]	2,632,983	1,683,904	56.0
Gross margin [2]	143,817	122,675	17.0
EBITDA[3]	54,142	46,859	16.0
EBIT[4]	32,293	24,891	30.0
Net profit or loss	**7,768**	**-3,313**	**n.a.**
Profit (loss) attributable to the parent company	3,539	-1,720	n.a.
Profit or loss attributed to minority interests	4,229	-1,593	n.a.

EUR thousand

(1) Operating income = Ordinary income + other operating income

(2) Gross margin = Operating income + procurement

(3) EBITDA (Gross operating profit and loss) = Gross margin + wages and salaries + other operating expenses + impairment and profit or loss from disposal of fixed assets + negative differences in business combinations

(4) EBIT (Operating profit or loss) = Gross operating profit or loss (EBITDA) + amortisation and depreciation

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system

Operating income increased by 56% this year in comparison to the previous year and amounted to EUR 2,633 million.

The increase in income is due mainly to the following reasons:

- Higher commodity price and, therefore, higher retail price, due to the increase of the gas price.
- Greater amount of generated energy (+29% compared to the same period of the previous year excluding Panama).
- Higher market sale price of the energy generated through own production (not subject to PPA).

The year was marked by the conflict in Eastern Europe, creating high volatility in the wholesale markets where the Group operates due to the fear of possible shortage of gas supply, and making the prices sky rocket, for example, in the Hungarian market, where the price of electricity increased by +140% and the price of gas by +175% compared to the same period of the previous year.

2.3. Profit and loss by segments

The overview of the results up to EBITDA of the main geographical regions is as follows:

2022	Spain and Portugal	Rest of Europe [1]	TOTAL CONSOLIDATED
Operating income	1,263,198	1,369,785	2,632,983
Procurement and others	-1,174,340	-1,314,826	-2,489,166
Gross margin	**88,858**	**54,959**	**143,817**
Operating expenses	-52,731	-39,422	-92,153
Impairment, reversal and profit (loss) on disposal	-616	3,094	2,478
EBITDA	**35,511**	**18,631**	**54,142**

Rest of Europe (1) includes Italy, Poland, Germany, France, the Netherlands and Hungary. EUR thousand

2021*	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDATED
Operating income	1,048,863	635,041	1,683,904
Procurement and others	-979,466	-581,763	-1,561,229
Gross margin	**69,397**	**53,278**	**122,675**
Operating expenses	-43,855	-31,808	-75,663
Impairment, reversal and profit (loss) on disposal	0	-153	-153
EBITDA	**25,542**	**21,317**	**46,859**

Rest of Europe (1) includes Italy, Poland, Germany, France, the Netherlands and Hungary. EUR thousand

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system

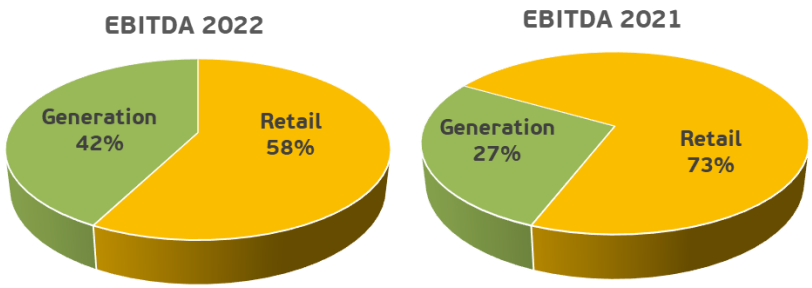
The gross margin over the operating income in Spain and Portugal was maintained at 7% while in the Rest of Europe it was reduced from 8% to 4%, mainly because of the already mentioned volatility of prices, and changes of the regulatory framework.

The gross margin in the Iberian market was maintained due to the increase of the importance of the energy portfolio of generation projects, thus making it possible to reduce the supply costs of the supplied energy. Moreover, the business strategies implemented by the company since the second half of 2021 have helped to mitigate the negative effect of the circumstances in which the sector continues involved. Both factors have allowed to increase the consolidated gross margin by 17% in comparison to the same period of the previous year.

Operating expenses increased by 22% in comparison to the end of the previous year, globally. The increase of 24% in the Rest of Europe and of 20% in Iberia originates mainly from the cost items correlated directly with the sales.

An analysis of the EBITDA generated during the year shows how the Rest of Europe (RoE) segment has reversed the losses suffered in the first half of the year from the impact of the regulatory changes in Poland and the volatility of intra-day prices in such markets as Hungary and the Netherlands.

As a consequence, the increase in Spain and Portugal of these main financial figures compensated a lower performance obtained in the Rest of Europe, determining the increase of total EBITDA of 16%.



In 2022 the EBITDA increased by 16% in comparison to 2021 and amounted to EUR 54.1 million. With the energy supply of 13.1 TWh in 2022, the EBITDA from energy supply amounts to EUR 4.1/GWh, in comparison to EUR 3.0 GW/h in the year 2021, thus demonstrating an improvement of the global profitability of the company.

The improvement is due, mainly, to the following reasons:

- Greater installed capacity (+9%).
- Greater amount of generated energy (+29%).
- Higher market sale price of the generated energy (not subject to PPA).
- Greater marketing margin due to the strategy of client portfolio optimisation.

Audax has increased the weight of generation in its contribution to EBITDA, from 27% in 2021 to 42% in 2022, thus making visible the results of its focus on vertically integrated business in the endeavour to produce 100% renewable energy. The EBITDA in generation increased in comparison to 2021 due to a greater installed capacity and higher sale price.
The EBITDA in generation is the result of an active portfolio of EUR 129 million, remaining in the portfolio of projects under development EUR 130 million of assets which do not yet generate EBITDA because of not having achieved the stage of operation.

This greater diversification in the generation of EBITDA mitigates the risks of volatility of the market and guarantees stability against the uncertainty of the situation of the markets.

Except for the effects of the regulatory change in Poland, the EBITDA in retailing increased in comparison to the previous year, especially in the Netherlands, in spite of a decrease of the energy supplied. Likewise, the EBITDA in the Rest of Europe, even if lower in comparison to the previous year, accumulated positive results in spite of the regulatory changes and the energy crisis, which affected those countries. This was due to the implementation of the policy of client portfolio optimisation and of cost containment in operating expenses.

The EBITDA in generation was higher than in the previous year. Emphasising the contribution of the new photovoltaic plants in operation, the reversal of impairment of the Postolin park in Poland and in spite of the negative effect of the removal of the specific remuneration to the Spanish wind farms of Pedregoso and Pino.

2.4. Principal operating figures

The principal figures are as follows:

Project portfolio:

As at the date of this report, the Group continues managing its total portfolio of projects located in Spain, Italy and Portugal, the strategic markets of the Group, where it already carries out its retailing activity.

The portfolio of the Audax Renovables Group, after the acquisitions made previously from the Excelsior Group, and ahead of this report was of 2.5 GW involving wind and photovoltaic technologies.

Due to the fulfilment of the goals of RDL 23/2020 in Spain, the portfolio of the Audax Group as at the date of this report is of 1.4 GW.

However, the evolution of the portfolio does not have any effect on the financial statements of the Group due to the favourable progress in the proceedings, as well as an increase of its value, after comparing it to the valuation report issued by the independent firm Ernst & Young LLP (E&Y) which verifies the book value of the portfolio.

Additionally, Audax has the right to substitute the failed or infeasible projects, according to the original purchase and sale contracts, which contain clauses of irrevocable substitution of projects with other projects of similar technical and economic features in the case when any of the projects should fail to obtain the permits of licenses necessary for its construction and operation. Therefore, there is a time limit of 36 months to substitute the projects or reimburse Audax for any amounts paid to the seller under the aforementioned purchase and sale agreements.

As at the closing date of this report, the substitution clause of the agreements described in the

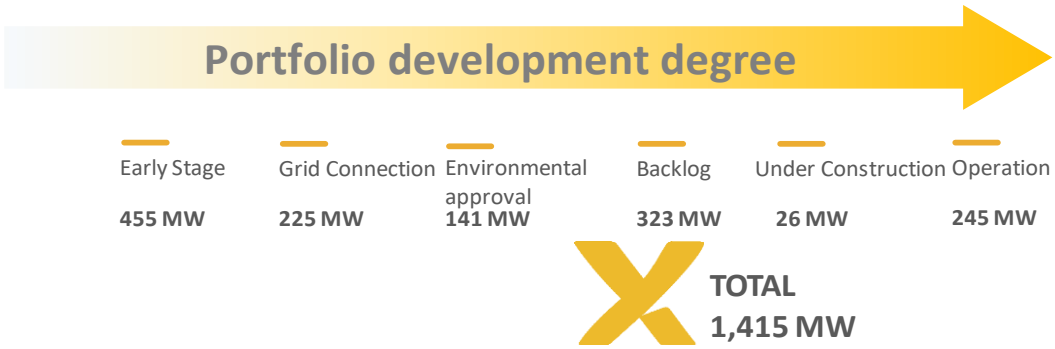
previous paragraph has not yet been enforced.

The Group has some projects in a very advanced stage of processing of 141 MWp with a favourable Declaration of Environmental Impact (DIA) and 323 MWp in a stage quite close to Ready to Build, which together make 464 MWp, apart from the 26 MWp under construction and 245 MWp currently in operation.

Project stages:

MW	Early Stage	Grid Connection	Environmental approval	Backlog	Under Construction	Operation	Total pipeline
Spain	50	35	141	90	26	133	**475**
Portugal	405	-	-	204	-	-	**609**
Italy	-	190	-	29	-	-	**219**
France	-	-	-	-	-	12	**12**
Poland	-	-	-	-	-	34	**34**
Panama *	-	-	-	-	-	66	**66**
TOTAL	**455**	**225**	**141**	**323**	**26**	**245**	**1,415**

* Attributable capacity (30%)



Project portfolio development:

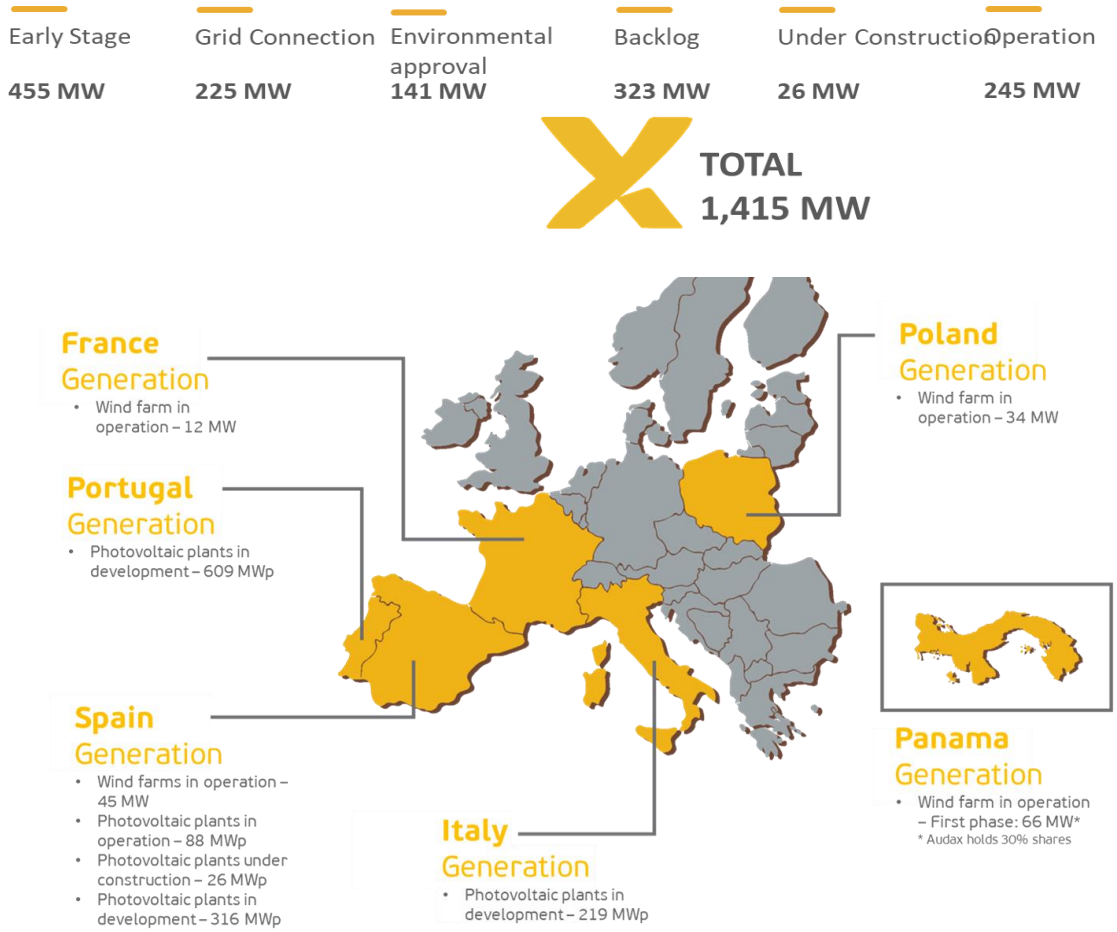
Audax has continued its operations of development and construction of its portfolio projects. In the stage of development, the Group still experiences slowness of certain state and autonomous agencies in spite of certain acceleration noted at the end of the year in Spain due to the fulfilment of the goals under RDL 23/2020.

The construction of the plants Zaratán of 12.3 MWp in Cigüeñuela (Valladolid) and Miranda, of 6.9 MWp in the municipality of Fontanar (Guadalajara) was completed in 2022.

In December the construction works began of the photovoltaic plants of Cuatro Caminos in the municipality of Cabanillas del Campo (Guadalajara), which together have 22 MWp, and of the project El Rebollo in the municipality of Yunquera de Hneares (Guadalajara) of a capacity of 4 MWp.

Overall, the Group's CAPEX investment in generation assets accumulated since 2020 totalled EUR 187 million, thus continuing its commitment to produce energy in its own power plants. The CAPEX investments in the projects of Zaratán and la Miranda were covered totally with Audax's own resources, as well as in the case of initiating the construction of the projects Cuatro Caminos and El Rebollo.

In Panama, the wind farm project of Toabré (in which Audax holds 30%), is in the stage of tests with the construction completed in 100%, and is expected to be put into commercial operation between the first and the second quarter of 2023.



The definition of the different stages is as follows:

Early Stage: These are the projects in which a guarantee has been deposited (if applicable) for applying for the access point and grid connection, the application for connection has been placed (with the distribution or transport company), and at least 50% of the necessary land lease agreements have been signed for the future location of the plant.

Grid Connection: These are the projects for which the permission for the access and grid connection has been granted by the distribution or transport company.

Environmental approval: These are the projects which were granted a favourable Declaration of Environmental Impact (DIA) by the competent body, this subcategory is considered only with regard to the projects located in Spain in order to certify the fulfilment of the goal under RDL 23/2020.

Backlog: These are projects which obtained from the competent body the Prior Administrative Approval (or an equivalent permit depending on the country) and have requested the Building Permit and Sectoral Permits.

Under construction: These are the projects that have obtained all the necessary permissions in order to proceed with the construction, have obtained the status of Ready to Build.

Operation: These are the projects whose construction has been completed, and they are in operation or are in the administrative stage of the application for the operating permit. The duration

of this stage is the useful life of the plant.

Installed capacity and production:

The installed capacity by country is as follows:

Installed capacity (MW)	2022	%	2021	%	Var. (%)
Spain	133	55%	114	51%	17
France	12	5%	12	5%	0
Poland	34	14%	34	15%	0
Panama*	66	27%	66	29%	0
Total	**245**	**100%**	**226**	**100%**	**9**

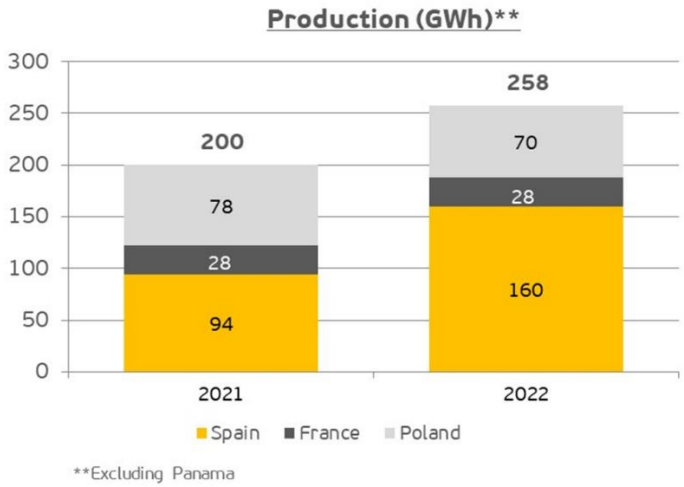
*Audax has a 30% stake

The distribution of the production by country is as follows:

Production (GWh)	2022	%	2021	%	Var. (%)
Spain	160	43%	94	47%	70
France	28	7%	27.7	14%	1
Poland	70	19%	78	39%	-10
Panama*	117	31%	0	0%	n.a.
Total	**375**	**100%**	**200**	**100%**	**87**

*Audax has a 30% stake

On a global level, the production in 2022 was of 258 GWh (without including Panama), 29% more than in the same period of the previous year. The production in Spain was higher (+70%) thanks to the contribution of 90 GWh over the peninsular production of the new photovoltaic plants put into operation. In Poland, the production was lower by 10% in comparison to the previous year due to lower wind resources. In France the production was above (+1%) the level of the previous year.



Wind Farms:

The production of the wind farms of Pedregoso A, B and D (Spain) for this year was 10% lower than the previous year, due to lower wind resources. In spite of this circumstance, the high prices

on the pool market allowed to increase the income by 70% in comparison to the previous year, even considering that the specific remuneration granted by RD 413/2014 was cancelled this year.

The production of the wind farm Beausemblant (France) this year was 1% above the level of the previous year, and also 1% above its historical average. The income of the plant is obtained through a PPA after the end of the period of remuneration with feed in tariff in November 2021, after obtaining an income 34% lower in comparison to the previous year.

In the wind farm Postolin (Poland) the production was lower by 10% in comparison to the previous year due to lower wind resources. However, the income of the plant was higher by 3% than in 2021 due to a PPA at a higher price. Moreover, the prices of Green Certificates (which in 2022 was on average of PLN 188.18/MWh) have been stable in spite of a transitory initial decrease after the reduction of the quota fixed for 2023 was announced.

In Panama the project of the wind farm Toabré (of which Audax holds 30%) continues in the stage of production tests before beginning the commercial operation, and produced a total of 117 GWh selling its energy on the spot market, as the PPA contract will not enter into force before the commencement of the commercial operation planned for the first or second quarter of 20223.

Photovoltaic Plants:

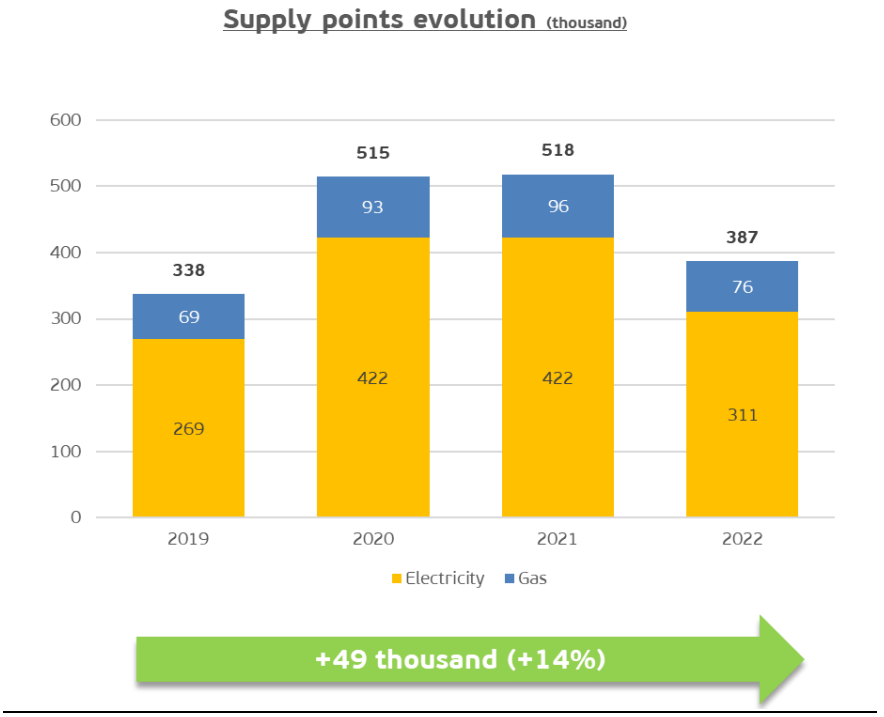
The photovoltaic power generation plants of Audax, all of them located in Spain, have produced a total of 90 GWh, in spite of the fact that in November and December the production was lower to the expected, because of a greater amount of precipitation in the provinces of Toledo and Guadalajara.

The total sales of the photovoltaic plants increased in 2022 to EUR 6.6 million in comparison to EUR 858 thousand in 2021.

The production of the plants of Calañas, Los Arenales and el Toconal, with a total installed capacity of 14.5 MWp, was higher than expected, amounting to 11.5 GWh, and their income was of EUR 938 thousand. Moreover, the plants of Los Arenales and El Toconal were affected by the limitations caused by the grid congestion occurred in the summer in the region of Toledo, which was mitigated by the implementation of the SRAP system (Automatic Power Reduction System).

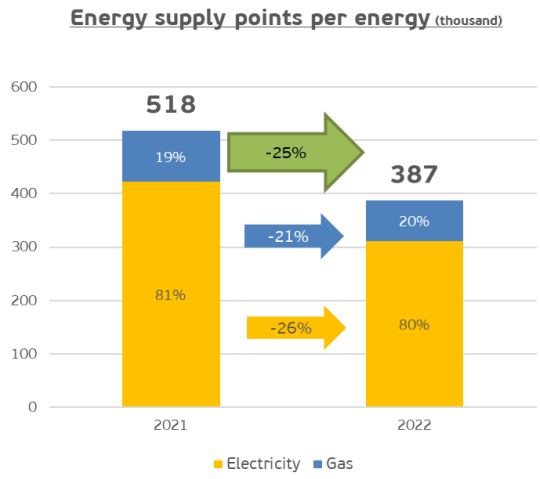
The plants of Cañamares, Carolinas, Zarzuelas and Alberizas, with a total installed capacity of 55 MWp, produced a total of 78.5 GWh in 2022. The Zarzuela plants were also affected in the summer by the grid congestion, and the effect was likewise reduced by the implementation of the SRAP system.

Supply points:



The number of supply points increased by 14% in the last four years, and now is a total of 387 thousand supply points, which clearly reflects the policy of both organic and inorganic growth, which the company has been following since its beginning.

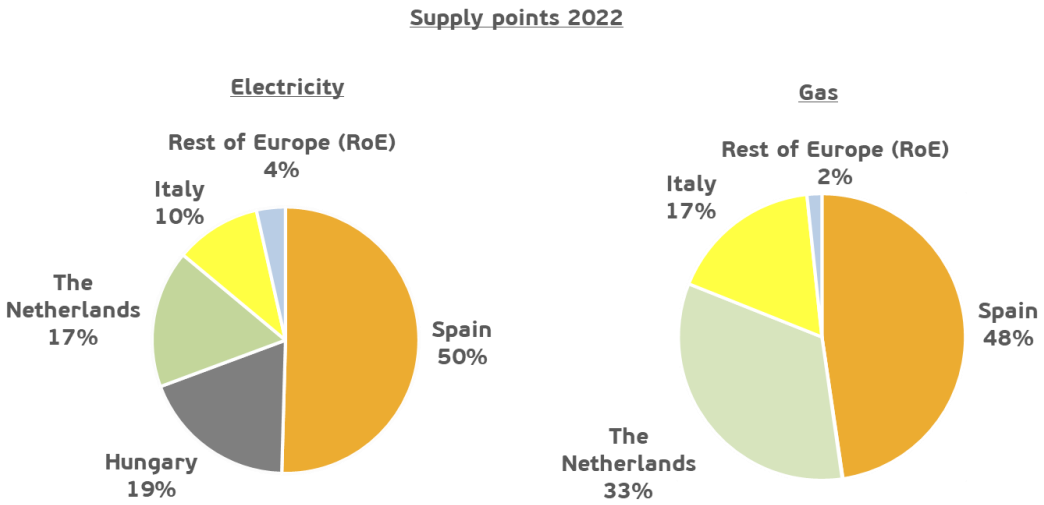
In response to the changes experimented by the energy market in the year 2021, the Group adopted necessary measures in order to adapt to the circumstances, by focusing its endeavours to strengthen the profitability over growth.



At the end of 2022 Audax continued applying the measures aimed to maximise the profitability and minimise the risk in all the countries, therefore the reduction of the number of supply points (-25% in comparison to the previous year) was strictly correlated with the improvement of the gross margin (+17%) and the EBITDA (+16%).

Electricity supply points constitute 80% of the total number, and natural gas supply points constitute 20%.

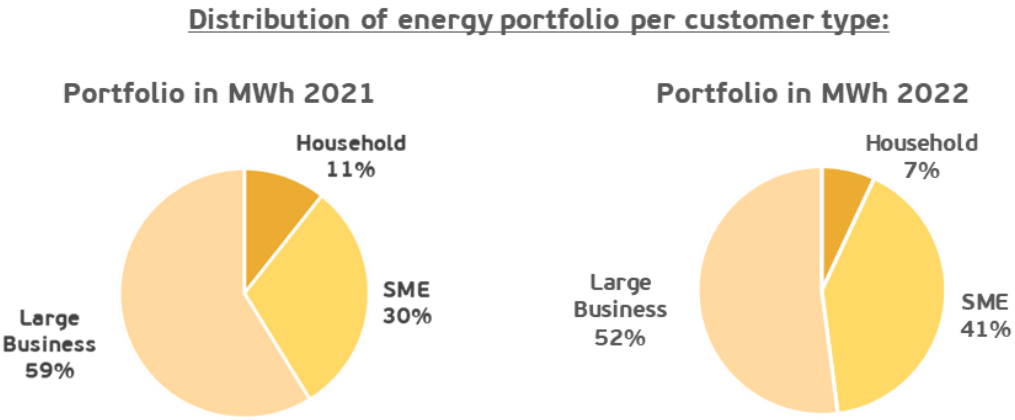
The distribution of the supply points by geographical region and type of energy at the end of the year 2022 is as follows:



Under the policy of risk mitigation, Audax continues the geographical diversification strategy, and the most important markets where Audax operates are as follows: Spain, Hungary and the Netherlands regarding electricity supply, and Spain, the Netherlands and Italy regarding natural gas supply. The Rest of Europe (RoE) correspond to Portugal, Poland and Germany.

It should be noted that, after the regulatory changes in Poland, the Group decided, at the end of March, to stop its operation in the gas market in that country, and to give its full attention to the electricity business. Thus, it was possible to change the downward trend of the operations in this country in the first quarter of the year and regain the positive sign already in the second quarter and maintain it until the end of the year.

The distribution of the MWh portfolio corresponding to the supply points owned by the Audax Group, itemised by type of client, is as follows:



Audax continues its strategy of geographical and client portfolio diversification, as well as the prioritisation of the margin over the supply points growth.

Currently the industry sector means 52% of the total, and the SMEs represent 41% of the total of the energy portfolio. Lastly, the importance of the segment of household customer, which is not

the target segment of the Group, was reduced from 11% to 7%.

Audax remains focused on the corporate sector, which represents 93% of the total distribution of energy of the Group's portfolio by type of client.

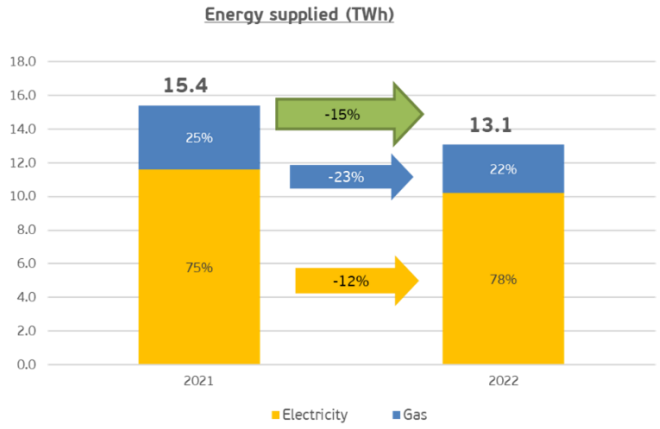
Supplied energy:

The total amount of energy supplied by Audax in the year 2022 is of 13.1 TWh, compared to 15.4 TWh of 2021.

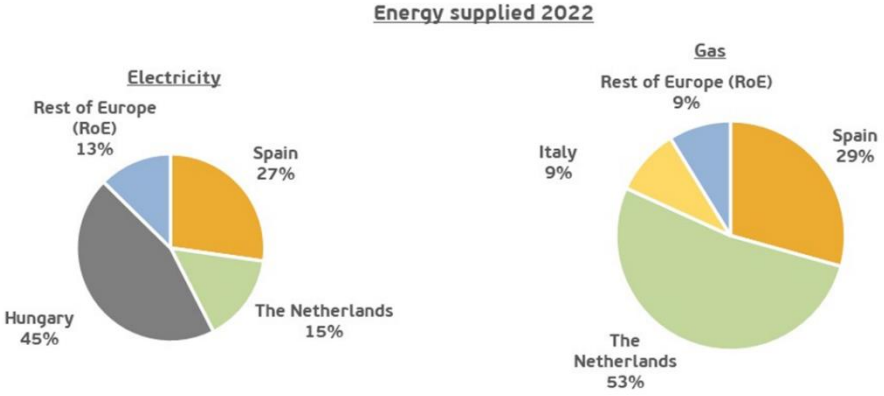
The reduction of the volume of the supplied energy by 15% is mainly due to the strategy of maximising the profitability implemented by the Group since the previous year, as well as to the moderation of temperatures during the winter season, which resulted in a lower energy demand in comparison to the winter of the previous year.

The various strategies of portfolio optimisation have allowed, in spite of the lower volume of supplied energy, to increase the gross margin and the EBITDA of the Group. Within the Group, supplied electricity represents 78%, whereas gas market occupies 22% of the total of the period, in comparison to 75% and 25% of the same period of the previous year, respectively.

As a result of the Group's focus on the corporate segment, the reduction of the volume of the energy supplied (-15%) was much lower than the reduction of the supply points (-25%) in this period in comparison to the same period of the previous year, showing a clear tendency towards the company's target segment.



The distribution of the supplied energy by geographical region and type of energy at the end of the year 2022 is as follows:

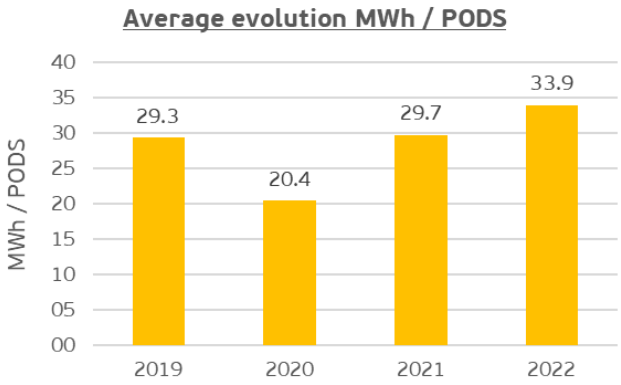


Hungary is the market where the Group supplies a greater amount of energy, while the Netherlands

is the main market of natural gas supply.

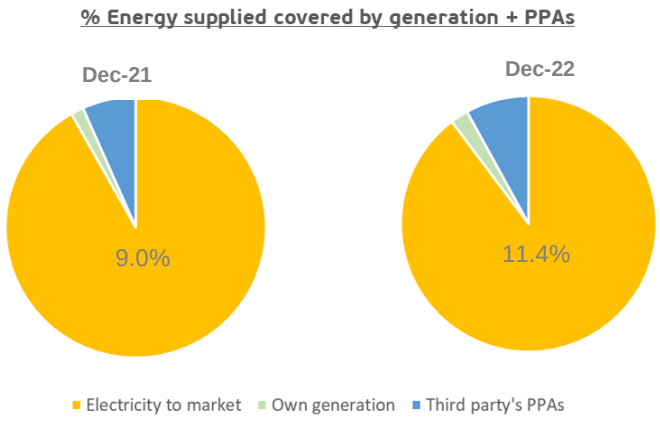
The Spanish market occupies 27% and 29% of electricity and gas, respectively.

As a result of the Group's focus on the corporate segment, the reduction of the volume of the energy supplied (-15%) was much lower than the reduction of the supply points (-25%) in this period in comparison to the same period of the previous year, showing a clear tendency towards the company's target segment.



Due to this strategy, the average volume of energy by each supply point increased by 14% in comparison to the same period of the previous year, from the average of 29.7 MWh/CUPS to the current 33.9 MWh/CUPS, demonstrating the clear focus of the Group on the SME and industry segments, with a greater volume of energy by each unit of supply points.

The Group's strategy of vertical integration involves the commitment to supply to our clients the electricity generated by our own plants as well as obtained under PPA agreements signed with other renewable energy generation companies. Thus in 2022 increased the percentage of supplied electricity proceeding directly from renewable generation.



3. Liquidity and Capital Resources

3.1. Leverage

Net Financial Debt	Dec -22	Dec -21*	Var.	%
Financial Debt [1]	641,748	772,196	-130,448	-16.9
Other financial liabilities	22,325	17,335	4,990	28.8
Assets and liabilities arising from derivatives	-5,627	-17,278	11,651	n.a.
Cash and other cash equivalents	-290,502	-328,708	38,206	-11.6
Net Financial Debt [2]	**367,944**	**443,545**	**-75,601**	**-17.0**
Net Equity[3]	**135,773**	**144,366**	**-8,593**	**-6.0**
Leverage [4]	**73.0%**	**75.4%**	**-2.4**	**-3.2**

(EUR thousands)

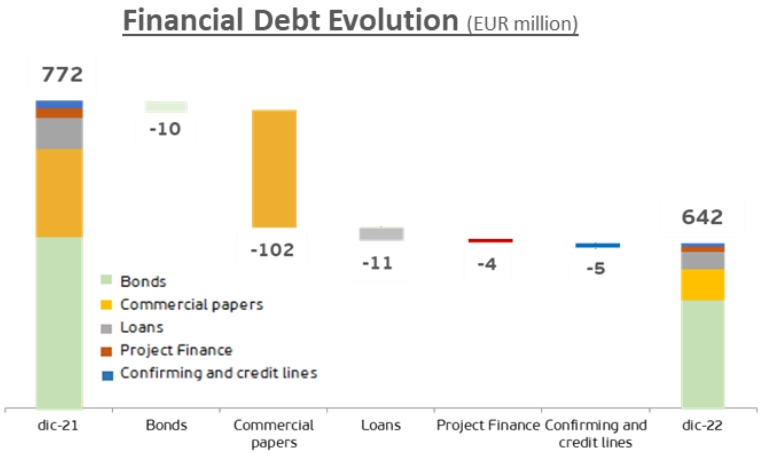
(1) Financial Debt = Debt from issued bonds and other negotiable securities + Amounts owed to credit institutions

(2) Net Financial Debt = Financial Debt + Other liabilities + Derivatives - Cash and other cash equivalents

(3) Net Equity = Net equity of the Parent Company + of the minority interests

(4)) Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system



Gross financial debt amounts to EUR 642 million, which means a decrease of EUR 130 million since December 2021. Net financial debt amounts to EUR 368 million in comparison to EUR 444 million as at 31 December 2021, meaning a decrease of EUR 76 million (-17%), thus demonstrating the company's financial strategy of debt reduction.

Audax's leverage is of 73%, compared to 75.4% of the previous year.

Owing to the implementation of IFRS 16 "Financial lease", the account of Other financial liabilities includes the amount of EUR 20,678 thousand. Without the application of IFRS 16 the Net Financial Debt would be of EUR 348 million and the Leverage of 71.9%.

It should be noted that the financial debt of the Group is based on a fixed interest rate, therefore the Company is not significantly affected by fluctuations of the interest rates in the market.

The Group has a solid financial position which will allow it to follow its roadmap for the development and construction of the Group's portfolio of photovoltaic projects, as well as meet the maturity dates of the short-term debts.

3.2. Rating management

On 2 June 2022 the rating agency ETHIFINANCE RATINGS, formerly AXESOR, confirmed the rating of Audax Renovables, S.A. at "BBB-".



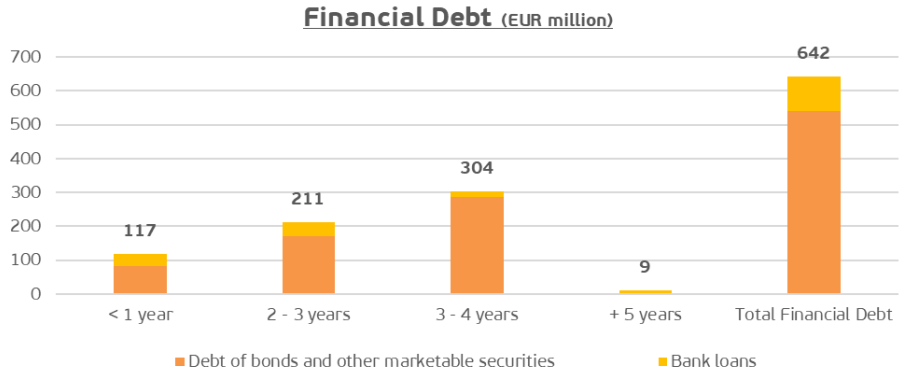
3.3. Financial Debt structure

With regard to the Financial Debt described before as Debt from issue of bonds and other negotiable securities + Amounts owed to credit institutions, its structure by type of debt is the following:

Financial Debt structure	Dec -22	% of total	Dec -21	% of total
Bonds	420,934	66%	430,532	56%
Promissory notes	118,735	19%	220,283	29%
Loans	68,723	11%	79,506	10%
Project Finance	18,238	3%	21,926	3%
Reverse factoring and similar	15,013	2%	20,098	3%
Lines of credit	105	0%	-148	0%
Total Financial Debt	**641,748**	**100%**	**772,196**	**100%**

(EUR thousands)

Financial Debt by maturity is set forth below. Only 18% of it matures in less than 1 year and is below EUR 291 million in cash and its equivalents, meaning that the cash covers 2.47 x short-term financial debt.



During 2022 Audax was affected by the volatility and uncertainty of the market, especially in the first half of the year. Due to the liquidity management and capital discipline policies, the company generated EUR 152 million in operating cash flow, of which it allocated EUR 45 million to investment activities, and EUR 146 million to financing activities through debt reduction.

Thus, the cash and other cash equivalents balance was of EUR 206 million, in comparison to EUR 244 million in 2021.

According to a pro forma statement, if the impact of the Market Access transaction with Shell Energy Europe Limited in Spain had been applied to the whole year 2022, Audax would have generated EUR 50 million approx. of additional cash flow.

4. Main risks and uncertainties

The Company's Risk Control and Management System

The Audax Renovables Group, in general terms, considers to be a risk any eventuality or contingency which might impede the Company's ability to successfully fulfil its business objectives.

In this regard, the Group is exposed to several risks which are inherent in different countries and markets where it operates and which can prevent it from implementing its strategies and achieving its objectives successfully. Therefore, the Board of Directors, aware of its importance, establishes a threshold of risk-opportunity in its *Risk Appetite Statement* and encourages the implementation of necessary mechanisms for the relevant risks to be adequately identified, managed and controlled according to its *General Policy of Risk Control and Management*.

According to the above, the *General Policy of Risk Control and Management* and, essentially, any activity aimed to control and mitigate the risks shall meet the following basic principles of procedure:

a. Integrate the risk-opportunity vision established in the *Risk Appetite Statement* in the management and strategy of the Company.

b. Ensure an appropriate separation of duties to guarantee an adequate level of independence.

c. Constant evaluation of the mechanisms for hedging, transfer and mitigation, in order to ensure their suitability and the implementation of the best market practices.

d. Guarantee the proper use of risk hedging instruments.

e. Inform about the risks for the Group and about the implemented systems to mitigate them.

f. Adjusting the Group's risk policy to all the specific policies which need to be developed in regards to risks.

g. Ensure the adequate compliance with the Corporate Governance rules.

h. Act at any time respecting the law and the Corporate Code of Ethics and Conduct.

The General Policy of Risk Control and Management and its basic principles are implemented according to the three lines of defence.

1. The First Line of Defence, represented in the functions of Business, operates the Group within the framework of the *General Policy of Risk Control and Management* and of the Delegation of Authority established by the Second Line of Defence, subject to the approval of the Risk Committee. The First Line of Defence shall meet the following responsibilities:

    a. To identify, measure and communicate the opportunities as well as potential identified risks.

2. The Second Line of Defence, represented in the Risk Control functions, identifies, measures and controls the risks incurred by Business. The Risk Committee reports directly to the Board of Directors and is hierarchically independent of Business. The Second Line of Defence shall meet the following responsibilities:

    a. To establish a structure of policies, guidelines and limits and indicators of risk, as well as the corresponding mechanisms of their approval and deployment, which review and establish the risk appetite assumed annually in a qualitative and quantitative way, according to the established objectives and corresponding annual budgets, both at the Group and its main subsidiaries' level.

    b. To continually identify relevant risks and threats, with regard to their possible impact on the key management goals and the financial statements (including contingent liabilities and other off-balance sheet risks.

    c. To analyse those risks in each one of the businesses or corporate functions, as well as with regard to their integrated effect on the Group as a whole.

    d. To measure and control the risks following homogeneous procedures and standards, which are common to the whole Group.

    e. To analyse the risks associated to the new investments as an essential element in the process of decision making in profitability-risk approach.

    f. To maintain a system of monitoring and control of the compliance of policies, guidelines and limits through adequate procedures and systems, including the contingency plans necessary in order to mitigate the impact of risk materialisation.

3. The Third Line of Defence, represented in the Internal Audit functions, verifies the correct and strict application of the established policies. Internal Audit reports directly to the Board of Directors and is hierarchically independent of the other Lines of Defence. The Third Line of Defence shall meet the following responsibilities:

    a. The constant evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations concerning risks from the perspective of their possible incorporation into the model.

    b. To audit the integral control and management system by the Internal Audit Management.

Moreover, the *General Policy of Risk Control and Management* is developed and complemented through the specific risk management policies approved by the Risk Committee, validated by the Internal Audit, and which are in consonance with the *Risk Appetite Statement* and the *General Policy of Risk Control and Management* itself, such as the policy of market risk management or *Hedging Policy*, or the *programme of global risk management*, which is focused on the uncertainty of the financial markets and endeavours to minimise the potential unfavourable effects on its financial profitability.

In the Company's general Policy of Risk Control and Management, the risk factors are, in general, the ones specified below:

a. Corporate governance risks.
b. Financial risks.
    a. Credit risk

        i. Energy generation activity
        ii. Energy retail activity
    b. Market risk
    c. Electricity market price volatility risk
    d. Liquidity risk
    e. Interest rate risk
    f. Guarantee terms risk
    g. Access to finance
        i. Exchange rate risk
        ii. Capital management risk
        iii. Financial restriction risk
c. Risks related to the business sector
    a. Macroeconomic risks
    b. Market concentration risks
d. Regulatory risk
    a. Retail activity
    b. Generation activity
e. Competition risk
f. Operational risks
    a. Cost of deviation of demand for energy
    b. Risk of malfunction
g. Risk of exposition to the Spanish market
h. Litigation and reclamation risk
i. Dependence and concentration of qualified providers
j. Risk related to the meteorological conditions
k. Risks related to insurance
l. Dismantling of facilities
m. Dependence on factors impossible to be controlled by the Company
n. Risks that are specific to the Company
    a. Concentration in Audax ownership
    b. Customer concentration
    c. Information systems risk
    d. Risk derived from debt
    e. Key-person dependency risk
    f. Risk of fraud
    g. Other risks related to the retail activity
        i. Risk of product or price of the retail activity
        ii. Risk of reduced ability to negotiate price

5. R+D+i activities

As at 31 December 2022 the Group has allocated EUR 1,293 thousand to the R+D+i activities, while as at 31 December 2021 the amount allocated to this purpose was of EUR 1,035 thousand.

6. Staff

As at 31 December 2022 the number of the Group's employees is 787, while as at 31 December 2021 there were 803 employees.

7. Natural environment

Environmental aspects are borne in mind throughout the entire process of obtaining authorisation, building the generation plants and preparing the studies based on the legislation governing each country.

In the year 2022 and in relation to the operating facilities, the Group incurred environmental expenses amounting to EUR 61 thousand, mainly for wildlife conservation purposes (EUR 64 thousand in 2021).

8. Acquisition and disposal of treasury shares

As at 31 December 2022 and as at 31 December 2021 the Company did not own treasury shares.

9. Other important information

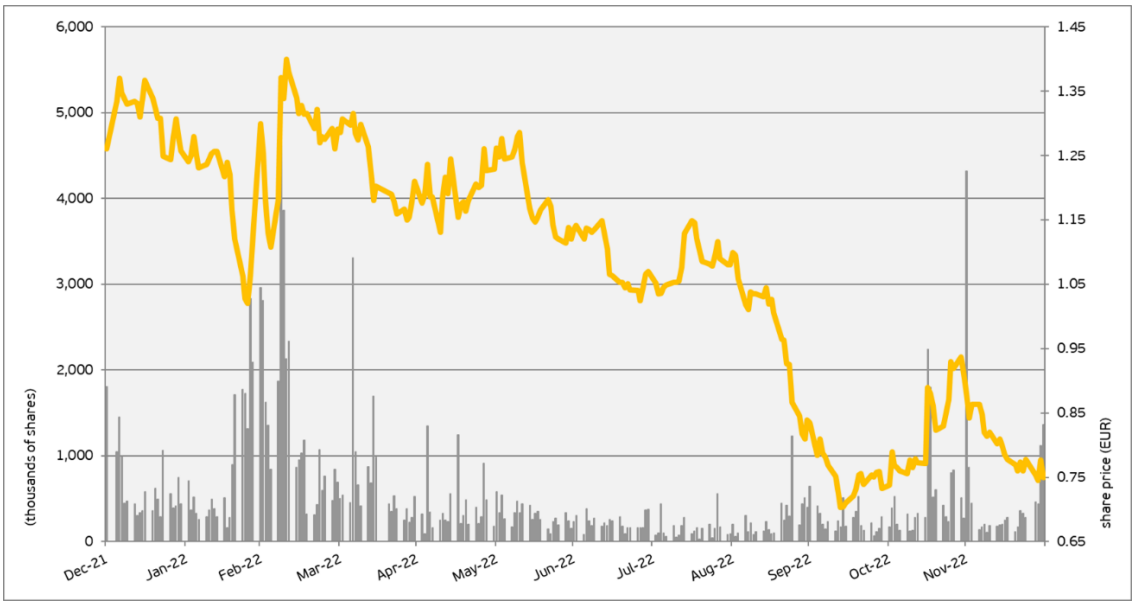
9.1. Stock market information

The majority shareholder of Audax Renovables is Eléctrica Nuriel, S.L., which holds 64.32% of the shares, and the rest of shareholders hold 35.68%. The most significant shareholders of the Group are as follows:

	Total direct and indirect stake	
Shareholder	**Nº Shares**	**% equity**
Eléctrica Nuriel, S.L.U.	283,179,394	64.32%
Purchasing rights of Eléctrica Nuriel, S.L.U.	48,000,000	10.90%
Global Portfolio Investments, S.L.	31,765,813	7.21%
Excelsior Times, S.L.U.	6,476,401	1.47%
Free Float	70,869,446	16.10%
Total	**440,291,054**	**100.00%**

From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

The stock market evolution of Audax during 2022 was as follows:



The following table shows the main trading data:

Audax Renovables - ADX.MC	2022	Units
Number of shares admitted to trading	440,291,054	Núm.
Share price at the beginning of the period	1.260	€ / acción
Share price at the end of the period	0.750	€ / acción
Maximum trading price	1.400	€ / acción
Minimum trading price	0.703	€ / acción
Trading price fluctuation during the period	-40.516	%
Capitalisation at the end of the period	329,998,145	€
Number of traded shares	138,935,787	Núm.
Effective volume	157,379,766	€
Daily volume of traded shares (average)	538,511	Núm.
Effective daily volume (average)	609,999	€

9.2. Dividend policy

The goal of the Board of Directors of Audax is to maximise the remuneration to the shareholders.

Audax endeavours to ensure the dividend payout, providing that pertinent factors are fulfilled regarding cash generation and distributable reserves availability. Due to these determinants, it is not possible to guarantee the amount of the dividend nor the year in which the distribution is going to take place.

9.3. Other information

Alternative Performance Measures (APM)

In order to supplement the consolidated financial statements presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) Audax reports on Alternative Performance Measures (APM). In compliance with IFRS-UE, these measures, in addition to the financial ones, are used for the purpose of establishing budgets and goals and of managing business, assessing its financial and operating performance and comparing it with previous periods and with the performance of the competitors. The presentation of such measures is assumed to be helpful because they can be used for analysis and comparison of profitability between companies and industries, as the impact of the financial structure of the accounting effects other than cash flows are excluded.

Non-financial measures are also presented, because these and other similar measures are generally used by investors, securities analysts and other brokers as complementary performance measures.

The APM included in this management report have been calculated and presented according to the same methodology applied to all the periods.

The APM that the Group considers most important are set out below:

The main operating figures are as follows:

Production (GWh)	2022	%	2021	%	Var. (%)
Spain	160	43%	94	47%	70
France	28	7%	27.7	14%	1
Poland	70	19%	78	39%	-10
Panama*	117	31%	0	0%	n.a.
Total	**374**	**100%**	**200**	**100%**	**87**

*Audax has a 30% stake

Energy supply points	2022	2021	%Var.
Spain	**193,204**	**296,802**	**-35**
Electricity	157,082	243,772	-35.6
Gas	36,122	53,030	-31.9
Hungary	**58,898**	**79,500**	**-26**
Electricity	58,831	79,500	-26.0
Gas	67	0	n.a.
The Netherlands	**77,275**	**73,639**	**5**
Electricity	52,038	48,488	7.3
Gas	25,237	25,151	0.3
Italy	**45,578**	**40,835**	**12**
Electricity	32,486	27,022	20.2
Gas	13,092	13,813	-5.2
Rest of Europe (RoE)	**12,190**	**26,736**	**-54**
Electricity	10,918	22,951	-52.4
Gas	1,272	3,785	-66.4
TOTAL ENERGY SUPPLY POINTS	**387,145**	**517,512**	**-25.2**
Total Electricity	**311,355**	**421,733**	**-26.2**
Total Gas	**75,790**	**95,779**	**-20.9**

Energy supplied (GWh)	2022	2021	%Var.
Spain	**3,641**	**4,936**	**-26**
Electricity	2,778	3,851	-27.8
Gas	863	1,085	-20.5
The Netherlands	**3,096**	**3,356**	**-8**
Electricity	1,552	1,454	6.7
Gas	1,544	1,902	-18.8
Hungary	**4,598**	**5,027**	**-9**
Electricity	4,581	5,027	-8.9
Gas	17	0	n.a.
Rest of Europe (RoE)	**1,807**	**2,130**	**-15**
Electricity	1,288	1,294	-0.4
Gas	519	836	-37.9
TOTAL ENERGY SUPPLIED	**13,143**	**15,449**	**-14.9**
Total Electricity	**10,200**	**11,626**	**-12.3**
Total Gas	**2,943**	**3,823**	**-23.0**

The main financial figures are as follows:

Alternative Performance Measures (APM)	Definition	Unit	Comparative		Purpose and usability
			2022	2021*	
Economic and Financial figures					
Revenues	Ordinary income + other operating income	M€	2,632,983 € = 2,625,893 € + 7,090 €	1,683,904 € = 1,678,564 € 5,340 €	Analytical measure related to the profit of the company that considers the income related to its operational activity
Gross margin	Operating income - Cost of sales	M€	143,817 € = 2,632,983 € - 2,489,166 €	122,675 € = 1,683,904 € -1,561,229 €	Measure of the company's activity performance that provides information related to the net sales by deducting its incurred costs
EBITDA	Operating income - Cost of sales - Operating expenses - Impairment and profit (loss) on disposal of fixed assets	M€	54,142 € = 2,632,983 € - 2,489,166 € -92,153 € 2,478 €	46,859 € = 1,683,904 € - 1,561,229 € -75,663 € + -153 €	Measure that determines the productive profitability used by investors in company valuation
EBIT	EBITDA - Assets amortisation	M€	32,293 € = 54,142 € - 21,849 €	24,891 € = 46,859 € - 21,968 €	Measure that determines the productive profitability taking into account the depreciation of the assets and is used by investors in company valuation (operating result)
Financial debt	Debt of bonds and other marketable securities + Bank debts	M€	641,748 € = 458,158 € + 81,511 € + 66,093 € + 35,986 €	772,196 € = 447,821 € + 202,993 € + 81,783 € + 39,599 €	Financial indicator that measures the financial liabilities received from third parties
Net financial debt	Financial Debt + Other financial liabilities + Derivatives + Cash and other financial assets	M€	367,944 € = 641,748 € + 22,325 € -5,627 € - 290,502 €	443,545 € = 772,196 € + 17,335 € -17,278 € - 328,708 €	Financial indicator that measures the short and long-term indebtedness of companies by deducting the cash-equivalents, financial investments and financial asset guarantees
Net equity	Parent Company Net Equity + minority interests	M€	135,773 €	144,366 €	Net equity amount used to calculate the net financial debt
Leverage	Net Financial Debt / (Net Financial Debt + Net Equity)	M€	73.0% = 367,944 € / (367,944 € + 135,773 €)	75.4% = 443,545 € / (443,545 € + 144,366 €)	Measure of the ratio related to the net debt to the group's equity
Net Financial Debt without IFRS 16 effect	Net Financial Debt - IFRS 16 effect	M€	347,266 € = 367,944 € - 20,678 €	427,041 € = 443,545 € - 16,504 €	Financial indicator that measures the ratio of the net financial debt deducting the effect of the financial lease liabilities
Leverage without IFRS 16 effect	Net Financial Debt without IFRS 16 effect / (Net Financial Debt without IFRS 16 effect + Net Equity)	M€	71.9% = 347,266 € / (347,266 € + 135,773 €)	74.7% = 427,041 € / (427,041 € + 144,366 €)	Financial indicator that measures the ratio related to the net debt deducting the effect of the financial lease liabilities to the group's equity

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system

The following table shows the main stock market data:

Alternative Performance Measures (APM)	Definition	Unit	Comparative		Purpose and usability
			2022	2021	
Stock Market figures					
Number of shares admitted to trading	NA	No. of shares	440,291,054 of shares	440,291,054 of shares	Total number of shares traded in the stock market
Share price at the beginning of the period	NA	€ / share	1.260 € / share	2.140 € / share	Price at the beginning of the reporting period for traded shares on the stock exchange
Share price at the end of the period	NA	€ / share	0.750 € / share	1.944 € / share	Price achieved at the end of the reporting period by the traded shares on the stock exchange
Maximum trading price	NA	€ / share	1.400 € / share	2.720 € / share	Highest price achieved by the shares traded on the exchange during the reporting period
Minimum trading price	NA	€ / share	0.703 € / share	1.358 € / share	Lowest price achieved by the securities traded on the stock exchange during the reporting period
Trading price fluctuation during the period	((Share price at the end of the period - Share price at the beginning of the period) / Share price at the beginning of the period) * 100	%	-40.52% = ((0.75 - 1.26) / 1.26) * 100	-9.16% = ((1.94 - 2.14) / 2.14) * 100	Percentage change in the amount per share at the beginning and end of the reporting period
Capitalisation at the end of the period	Number of shares admitted to trading * Share price at the end of the period	€	329,998,145 € = 440,291,054 of shares * 0.750 € / share	855,925,809 € = 440,291,054 of shares * 1.944 € / share	Value of the company's shares based on the trading price at the end of the period.
Number of traded shares	∑ traded shares	No. of shares	137,129,815 of shares	411,665,648 of shares	Sum of the volume of shares traded during the reporting period
Effective volume	Amount related to the number of traded shares	€	155,130,333 Amount related to the number of traded shares	818,130,934 Amount related to the number of traded shares	Sum of the volume in EURO of shares traded during the reporting period
Daily volume of traded shares (average)	Average of traded shares in a day	No. of shares	533,579 of shares	1,601,812 of shares	Average volume of shares traded during the reported period
Effective daily volume (average)	Average of the amount relative to the number of shares traded	€	603,620 Average of the amount relative to the number of shares traded	3,183,389 Average of the amount relative to the number of shares traded	Average volume in EUR of traded shares during the reported period

10. Significant events subsequent to the balance sheet date

As a relevant subsequent event, on 1 February 2023 the Audax Group signed an agreement on market access with Shell Energy Europe Limited, under which the latter will become, with certain exceptions, the external exclusive provider of electricity and natural gas to the Audax Group in Spain during an initial period of 5 years. The agreement has immediate effect on the working capital of the Company, by allowing its easier access to the market and supporting at the same time the goals featured in its strategic plan.

On 13 February 2023, in relation to the communication of privileged information submitted to the National Securities Market Commission on 28 December 2022 (registration number 1709), rectified by communication of 5 January 2023 (registration number 1713), concerning the programme of repurchase of own shares implemented by the Company, in accordance with the authorisation granted by the general meeting of shareholders held on 16 June 2022, in the twenty second item of the agenda (the "Repurchase Programme"), it was announced that during the period between 6 and 10 February 2023 the Company carried out transactions on own shares under the Repurchase Programme.

11. Average period of payment to suppliers

As specified in Note 16, the Company's average period of payment to suppliers in the year 2022 was of 14 days.

12. Non-financial information statement

The Consolidated Non-Financial Information Statement has been prepared in accordance with the standards of the Global Reporting Initiative (Grey), constitutes part of the Directors' Report and is presented in the following document attached.

Audax Renovables, S.A. and Subsidiaries

Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement for the year ended 31 December 2022

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF AUDAX RENOVABLES, S.A. AND SUBSIDIARIES FOR 2022

To the Shareholders of Audax Renovables, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2022 of Audax Renovables, S.A. and Subsidiaries ("Audax Renovables" or "the Group"), which forms part of the Group's Consolidated Directors' Report.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verifying the information identified in the "Table of contents - Law 11/2018 and GRI standards", "Taxonomy Calculation Methodology" and "Taxonomy Reporting Tables (turnover, CAPEX and OPEX)" Appendices ("the Appendices of the EINF").

Responsibilities of the Directors

The preparation and content of the NFIS included in Audax Renovables' Directors' Report are the responsibility of the directors of Audax Renovables, S.A. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the "Table of contents - Law 11/2018 and GRI standards" Appendix of the NFIS.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Board of Directors of Audax Renovables, S.A. is also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the international standards on quality in force and, accordingly, maintains a quality system of quality that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of requesting information from management and the various units of Audax Renovables, S.A. that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with personnel of Audax Renovables to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2022 NFIS based on the materiality analysis performed by Audax Renovables and described in section 2.6 "Materiality Analysis" thereof, taking into account the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the 2022 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2022 NFIS.
- Verification, by means of sample-based tests, of the information relating to the contents included in the 2022 NFIS and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with aligned economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. As a result, the accompanying NFIS does not include comparative information in relation to alignment. Also, since the information referring to eligible activities in 2021 was not required with the same level of detail as in 2022, the information disclosed in relation to eligibility in the accompanying NFIS is similarly not strictly comparable. In addition, it should be noted that the directors of Audax Renovables have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in the "Taxonomy Reporting Tables (turnover, CAPEX and OPEX)" appendix of the accompanying NFIS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Audax Renovables for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Table of contents - Law 11/2018 and GRI standards", "Taxonomy Calculation Methodology" and "Taxonomy Reporting Tables (turnover, CAPEX and OPEX)" Appendices of the NFIS.

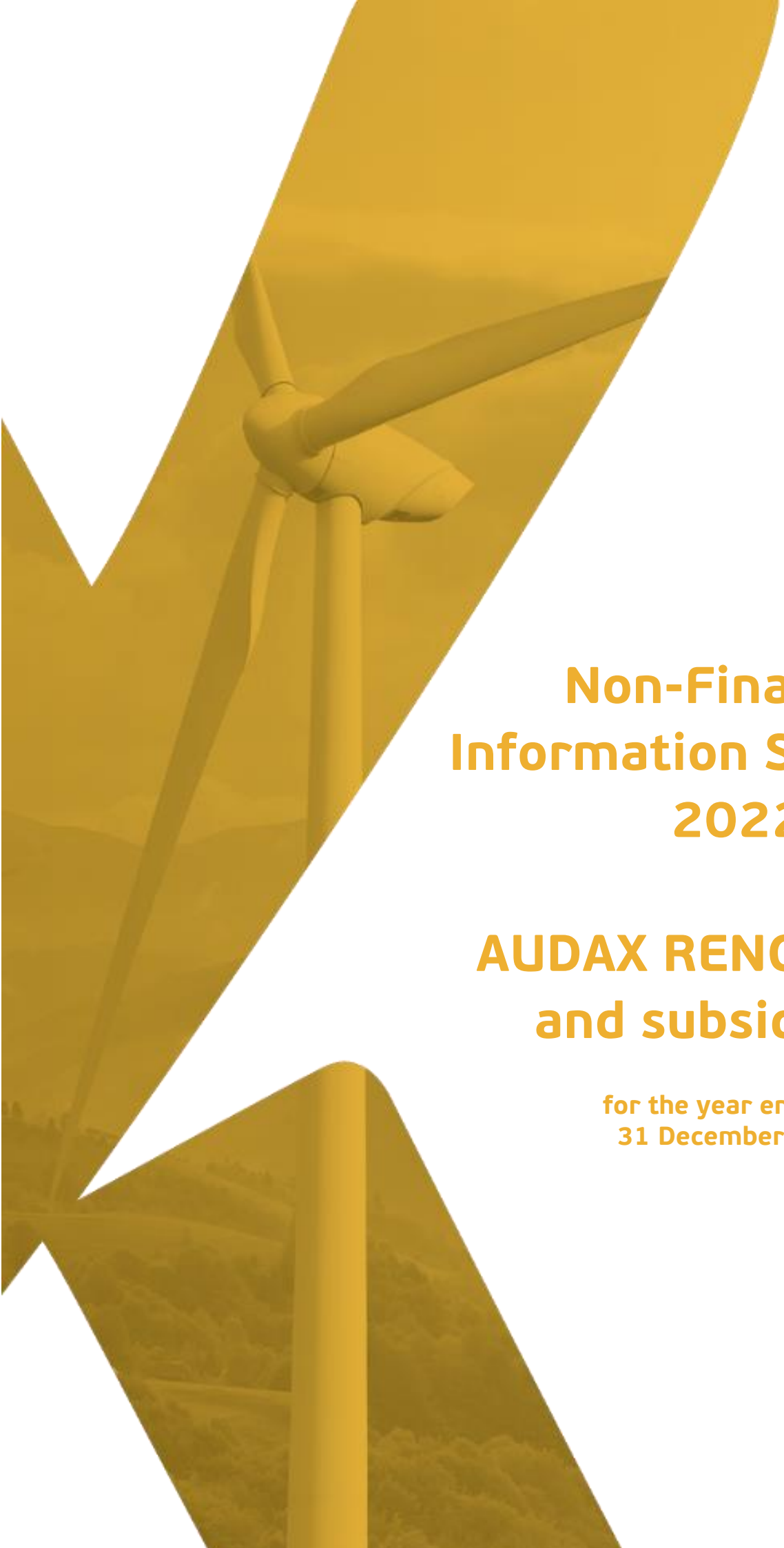
Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.



José Ricardo González
24 February 2023



Non-Financial Information Statement 2022

AUDAX RENOVABLES and subsidiaries

for the year ended by 31 December 2022

NON-FINANCIAL INFORMATION STATEMENT

Table of contents

Presentation Letter 5

1 Business Model 7

1.1 Introduction to Audax Renovables 7

1.2 Main activities and services 7

1.3 History 8

1.4 Mission, vision and values 9

1.5 Important events during the year 2022 10

2 Audax's commitment to sustainable development 13

2.1 Materiality analysis 13

2.2 ESG roadmap 16

2.3 Contribution to the Sustainable Development Goals (SDG) 20

2.4 Relations with stakeholders 25

3 Information on environmental issues 27

3.1 Sustainable use of resources 27

3.2 Climate change 29

3.3 Circular economy and waste management 30

3.4 Biodiversity protection 32

3.5 European Taxonomy 33

4 Information on social issues and concerning personnel 36

4.1 The Group's personnel 36

4.2 Diversity, equal opportunities and non-discrimination 46

4.3 Workplace health and safety conditions 47

4.4 Social responsibility 50

5 Corporate Governance 52

5.1 Governance model 52

5.2 Governing bodies 52

5.3 System of Regulatory Compliance 53

5.4 Fight against corruption and bribery 55

5.5 Respect for human rights 56

5.6 Whistleblowing channel 57

5.7 Risk Management 58

5.8 Transparency and communication 59

5.9 Supply Chain 60

5.10 Commitments to the community and stakeholders 61

6 Information on social matters 64

6.1 Tax information 64
6.2 Company structure 65
7 ABOUT THIS REPORT 67
APPENDIX I: TABLE OF CONTENTS OF THE LAW 11/2018 AND GRI STANDARDS 69
APPENDIX II TAXONOMY CALCULATION METHODOLOGY 75
APPENDIX III: TAXONOMY REPORT TABLES (TURNOVER, CAPEX AND OPEX) 77

Presentation Letter

One year more, the **Group** makes the Non-financial Information Statement available to its stakeholders. This report meets the standard of transparency by offering information about the situation, strategy, activities, plans and progress in the area of sustainability at the internal as well as external level.

Throughout the year, the **Audax Renovables Group** has continued its upward trend and has achieved very positive results, despite the fact that 2022 has been a year of uncertainty marked by the volatility of energy prices and the geopolitical conflict between Russia and Ukraine. **Audax Renovables** has built a solid base, which the improvement of the financial results obtained by the company in the last months thoroughly confirmed.

The **Group** aims to position itself as an SMEs leader in the renewable energy field, with a model of vertical integration of its generation and retail activities, which is unique in the market. **Audax Renovables** puts the focus on the business of 100% renewable energy generation in order to provide the company with a pipeline of photovoltaic and wind projects, which will ensure the sustainability of the business at a medium and long term, demonstrating the company's strong commitment to its clients, shareholders and other stakeholders to guarantee an efficient and responsible supply of energy.

The fight against the climate change and the commitment to the energy transition are two of the main challenges addressed by the **Group** in the area of sustainability. The company is changing the way of producing, distributing and consuming energy, and the regulators are promoting policies of climate neutrality, which prioritise renewable energy consumption over fossil fuels as a pathway to decarbonisation.

Renewable sources are at the core of energy transition, and therefore the main goal of the **Group** is to increase the number of energy generation projects and provide the company with a robust portfolio of photovoltaic and wind projects. The company's energy generation projects are being carried out according to the best practices of construction and operation of power plants, ensuring the protection of the environment, compliance with the applicable legislation, preservation of biodiversity and conservation of historic heritage. Moreover, the Group maintains its strong commitment to the local communities where it operates, generating direct and indirect employment and consumption increase.

Being aware of the growing importance of sustainability, and as a part of the Strategic Plan, **Audax Renovables** strives for the management to be at the forefront of all the areas of ESG, integrating them into the decision making process of the company. This year the **Group** has reinforced its commitment to sustainability and, to demonstrate it, the Board of Directors approved several recommendations and initiatives regarding sustainability in order to provide the company with a roadmap, defining the material subjects, which the company needs to prioritise, as well as various initiatives and projects, which ought to be carried out.

Thus **Audax Renovables** reaffirms its commitment to sustainability, being convinced that the incorporation of the ESG aspects into the **Group's** roadmap will facilitate business growth and generate value for the company in this transition process of the sector, contributing to the social welfare and environment preservation.

Naturally, none of this would be possible if it were not for the people within the **Group**. It is very gratifying to see that the goals of the organisation are being achieved thanks to the effort and dedication of its employees. Therefore, to create quality work space and to ensure the well-being and professional development of the employees constitute two of the fundamental principles of **Audax Renovables.** Diversity, promotion of equality and non-discrimination are values deeply ingrained within the company.

This year again the **Group** maintains its strong commitment to the Sustainable Development Goals included in the 2030 Agenda, the Ten Principles of the United Nations Global Compact, the European Green Deal and the National Integrated Energy and Climate Plan. Consequently, the commitment of **Audax Renovables** and all its employees will lead us to go on working along these lines in the future in order to meet the company's goals and continue creating value for our stakeholders.

1 Business Model

1.1 Introduction to Audax Renovables

Founded in the year 2000, **Audax Renovables** is an independent energy Group, leader in the SME segment in Spain, whose activities are centred around generating energy from 100% renewable sources, and supplying electricity and natural gas. With a business model based on vertical integration, Audax guarantees efficient supply of energy to its clients.

The **Group** is undergoing the expansion process, is comprised of around 80 **subsidiary companies**, has 787 employees, caters for 387 thousand clients, and operates in 8 European countries as well as in Panama. Its objective is to offer energy at competitive prices and provide services that adapt to the clients' needs, while ensuring high-quality customer service.

1.2 Main activities and services

- **Generation of renewable energy**
  The **Group** develops kinds of activity connected with electricity generation from 100% renewable sources, primarily wind and solar energy. The **Group** runs a portfolio of operating wind farms of 157 MW in Spain, France, Poland and Panama, and of photovoltaic plants of 88 MWp in Spain. It has also photovoltaic projects of 26 MWp under construction, as well as a photovoltaic portfolio of 1,144 MWp in various stages of development, located in Spain, Portugal and Italy. The total portfolio is of 1,415 MW.

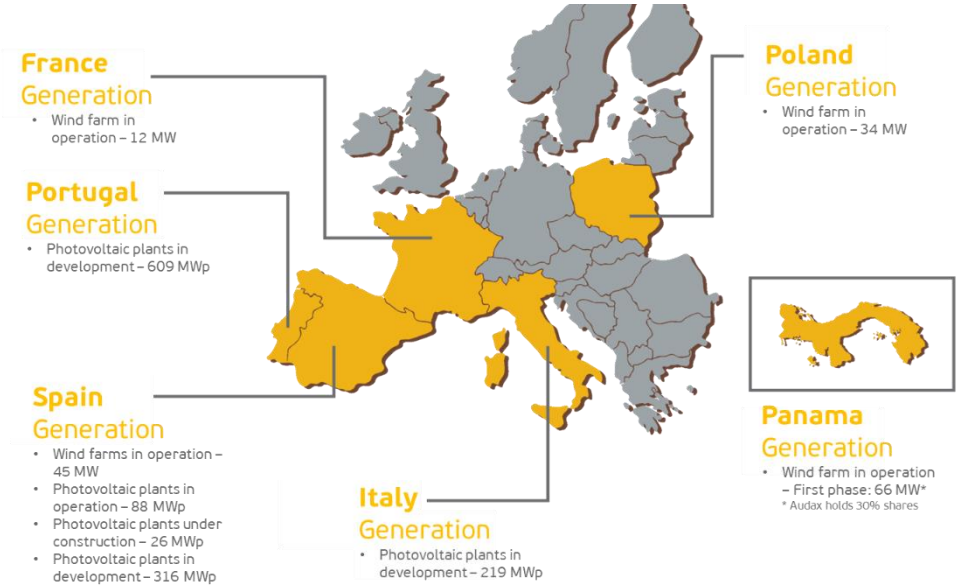


Diagram 1: *Audax Renovables' energy generation activity*

- **Electricity and natural gas retail**
  Providing electricity and gas to individual clients as well as to companies through the **retailing activity**, which is present in many European countries: Spain, Portugal, Italy, Germany, Poland, the Netherlands and Hungary. Over the year 2022 the **Group** supplied **13.1 TWh**, in comparison to 15.4 TWh of the previous year.

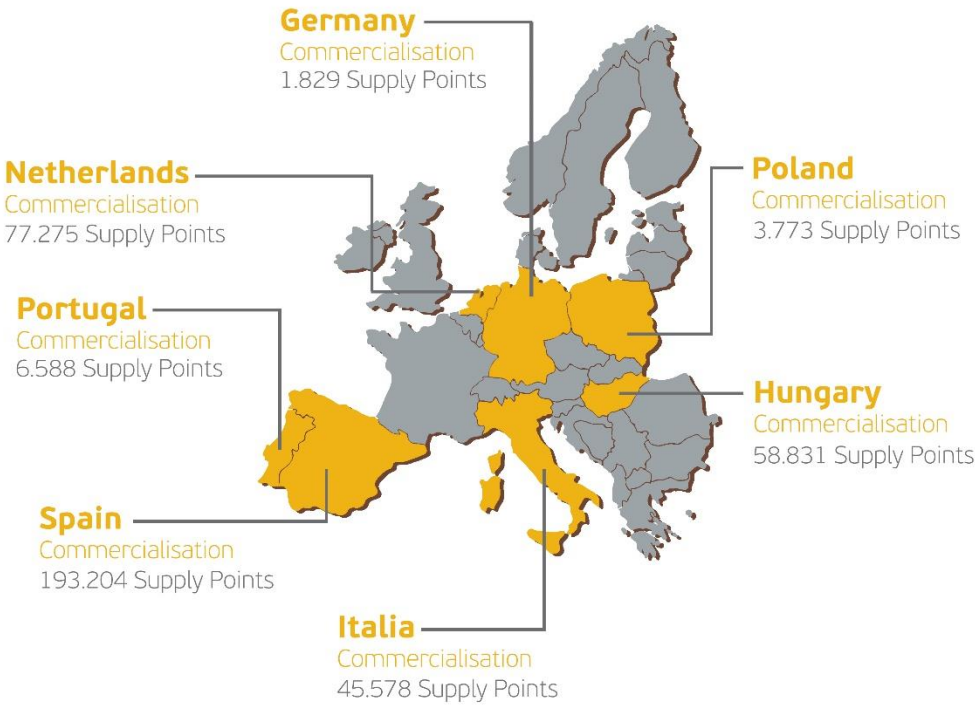


Diagram 2: *Audax Renovables' energy retail activity*

1.3 History

Some of the main milestones and key dates of Audax Renovables, from its beginning to the present day, are outlined below:

2003 The shares of **Audax Renovables** are admitted to trading on the secondary market of the Barcelona Stock Exchange, and it becomes the first independent company dedicated exclusively to produce renewable energy, listed on the Spanish stock exchange.

2006 Audax commences the operation of its first wind farm in the year 2006. Today, Audax has international presence with its operating wind farms also in France, Poland, and Panama.

2007 The company is included in the Spanish Stock Exchange Interconnection System (SIBE) of the Madrid Stock Exchange.

2013 Between the years 2013 and 2017 the company enters gradually the following countries (by order or entry): Portugal, Italy, Poland, the Netherlands and Germany.

2014 Audax becomes the first Catalan SME to issue bonds on the Alternative Fixed-Income Market (MARF) in 2014.

2016 In 2016 Audax Energía acquires Fersa Energías Renovables through a takeover bid (OPA).

2017 The Company changes its name for "**Audax Renovables**", formerly Fersa Energías Renovables.

2018 In 2018 a joint project of merger is presented and completed, by which **Audax Renovables** absorbs its parent company, Audax Energía. The construction works of the wind farm Toabré in Panama commence. The same year the energy retailer Unieléctrica Energía, from Córdoba, joins the **Group**.

Since the end of 2018 the company has been focusing its efforts on signing PPAs (Power Purchase Agreements).

2020 In September 2020 the company proceeded to close the agreement on purchase of 100% of share capital of the Hungarian retailer E.ON Energiakereskedelmi Kft.

In 2020 the **Group** continued its expansion and achieved 515 thousand supply points and 10.5 TWh of supplied energy.

2021 In 2021 Audax approved the Strategic Plan 2021-2026, by which the company reshaped its strategic direction by a strong commitment to the business of energy generation from 100% renewable sources in order to become a completely integrated company, whose core business is the activity of energy generation, which ill enable it in the future to retail this green energy to its clients.

2022 During this year **Audax Renovables** has reinforced its commitment to sustainability. The Board of Directors approved several recommendations and initiatives related to sustainability in order to provide the **Group** with a roadmap in the area of ESG, which defines the material subjects that are to be prioritised, as well as various initiatives and projects, which ought to be carried out and which are being carried out since their approval.

1.4 Mission, vision and values

Audax Renovables has defined various principles and commitments based on the company's corporate values, which describe the fundamental purpose of Audax, and, moreover, respond to the great environmental, social and economic challenges that we all confront.

The **Group** has great responsibility towards its employees, clients, shareholders, providers and other stakeholders. Therefore, the company develops a leadership role driven by redoubled efforts to continue boosting the energy transition in the European market and generating differential value within the sector.

THE MISSION OF AUDAX RENOVABLES

"Every day we strive to build our growth strategy based on sustainability, economic development, internationalisation and respect for our business environment, and in addition to all that we offer convenient proximity to our clients."

THE VISION OF AUDAX RENOVABLES

"We want to be a private and independent listed company which brings to its clients, employees and partners differential value within the energy sector, while promoting innovation and transparency".

THE VALUES OF AUDAX RENOVABLES

- **Ethics and trust:** we believe in fostering an honest relationship with our clients and partners.
- **Customer orientation:** focused on the customer satisfaction.
- **Innovation:** bringing new products and services in order to cater to the needs of the customers.
- **Excellence:** working every day in order to improve our processes.
- **Respect for the environment and for the community**, contributing to the growth and development of our surroundings.
- **Professional and personal development:** because the staff is the key to the company's success.
- **Focus on the results:** good economic results and financial soundness.

1.5 Important events during the year 2022

JANUARY

We begin the year with the tests of the wind farm Toabré in Panama, of installed capacity of 66 MW and estimated production of 240 GWh/year.

The **Group** advances on its roadmap to become a benchmark in renewable energy generation and to increase its total portfolio of photovoltaic and wind projects.

FEBRUARY

The photovoltaic farm of Alberizas, of 20 MWp, was put into operation.

MARCH

The commencement of the construction of the photovoltaic projects Zaratán, of a total capacity of 12,3 MWp, which will enable the generation of 21.5 GWh/year, the equivalent of energy consumption of almost 5,500 households and approximately 17,000 people. The investment in clean energy will allow to avoid the emission of 3,840 tonnes of CO_2 per year[1].

APRIL

The Company informed of the registration of a promissory note programme named "Audax 2022 Commercial Paper Note Programme" (Programa de Pagarés Audax 2022) on the Alternative Fixed-Income Market. Moreover, the photovoltaic plant of El Toconal, of 5 MWp, was put into operation.

[1] The calculations of the avoided emissions were performed using the national energy mix factor of 2019.

MAY

In May was commenced the construction of the photovoltaic project La Miranda, of a total capacity of 6,87 MWp, which will enable the generation of 12.2 GWh/year, the equivalent of energy consumption of almost 3,500 households and approximately 11,000 people. The operation of the project will allow to avoid the emission of 2,500 tonnes of CO_2 per year[2].

JUNE

The rating agency ETHIFINANCE RATINGS (formerly AXESOR) awarded the Investment Grade "BBB-" to **Audax Renovables**. Currently the rating is under review. The **Group** incorporated the international fund IKAV as partner of its photovoltaic projects with a first agreement of 40 million. In the middle of the year the photovoltaic plant of Calañas, of 4.48 MWp, was put into operation.

JULY

In July the Board of Directors approved the roadmap in the area of ESG to be implemented in the upcoming years.

The photovoltaic plant of Los Arenales, of 5 MWp, begins operation.

AUGUST

The Company announced the registration of a fixed income green bond programme on the Alternative Fixed-Income Market (MARF).

OCTOBER

Audax Renovables implemented a remote work system, in a blended mode applicable to those employees whose responsibility areas and/or tasks are adaptable to this work mode. These flexibility measures contribute to improved work-life balance and the well-being of the employees.

NOVEMBER

As part of the ESG roadmap, the company created the position of *Sustainability and Environment Manager* to lead the implementation of the sustainability strategy and roadmap and ensure the appropriate management of the environmental, social and corporate governance aspects of **Audax Renovables**.

DECEMBER

The **Group** announced the beginning of construction works of a new photovoltaic project located in the municipality of Yunquera de Henares (Guadalajara), which will add a total capacity of 4.12 MWp to the portfolio and reduce CO2 emissions into the atmosphere by 1,600 tonnes annually[2].

[2] The calculations of the avoided emissions were performed using the national energy mix factor of 2019.

THE GROUP IN FIGURES

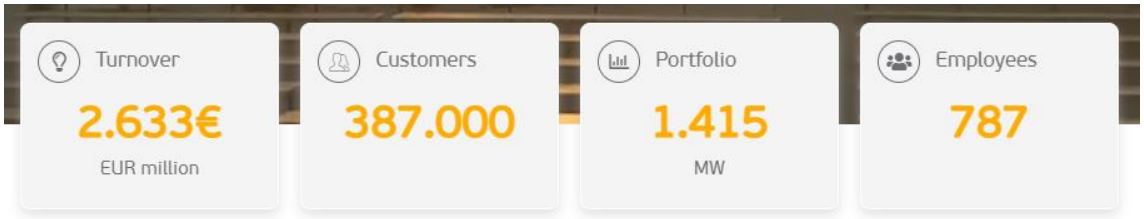


Diagram 3: Audax figures in 2022

In 2022 ordinary income of **Audax Renovables** increased by 56% in comparison to 2021and amounted to **EUR 2,633 million** and the gross operating income (EBITDA) amounted to **EUR 54.1 million**.

We should highlight within this period the increase of operating income, which was **56% higher** than in the year 2021, due mainly to the rising prices in the markets where the **Group** operates.

In this challenging context, and thanks to the measures introduced by the **Group** in the first half of the previous year, along with Audax's efforts to vertically integrate the production and retail of energy, **the gross margin increased by 17%** compared to the same period of the previous year.

The increase of installed capacity by **+9%** in 2022 in comparison to the previous year has had direct impact, in its dimension, on the total EBITDA of the company, raising it by **+16%**. The profit for the year amounts to EUR **7,768** thousand in comparison to the loss of EUR -3,313 thousand at the end of 2021.

In spite of the complexity of the year, and of the slow progress, which we still experience from some of the official bodies while carrying out the administrative procedures, Audax has continued its operations of development, construction and setup of its power generation project portfolio of 26 MW, and initiating the works on a 19 MW plant, which is also photovoltaic. During this period the scheduled investment plan has been maintained in the various photovoltaic portfolio projects.

Regarding retail, the **Group** continues its policy of risk reduction and market diversification. Moreover, Audax maintains the strategy of varied client segmentation while remaining focused on the corporate sector, which makes up 93% of the total portfolio.

The countries where **Audax Renovables** has most successfully implemented its policy of vertical integration are those which have best adapted to the macroeconomic situation and yielded the best results to the **Group** during the present period.

2 Audax's commitment to sustainable development

Sustainability is defined by the United Nations as "meeting the needs of the present without compromising the ability of future generations to meet their own needs".

In line with this definition, the Audax **Group** understands sustainability and its three fundamental pillars - the environmental pillar, the social pillar and the corporate governance pillar as key strategic and comprehensive elements necessary to ensure the long-term viability of the business and meet the needs and expectations of its stakeholders.

Audax, being a leader in the SME segment, has great responsibility towards its employees, clients, shareholders and other stakeholders. Therefore, the company has undertaken a leadership role driven by redoubled efforts to continue boosting progress and creating value for society.

By the nature of its activities and as a **Group** belonging to the area of renewable energy, the organisation is deeply committed to sustainable development. It is proved by the fact that the organisation established as the main goal of its corporate strategy to promote the activity of energy generation from 100% renewable sources during 2021, setting at the highest level the **Group's** commitment to the energy transition and the fight against climate change.

Consequently, a framework of activities has been developed regarding each of the sustainability pillars (see Diagram 4) outlined in the following chapters.



Diagram 4: *ESG pillars*

2.1 Materiality analysis

As a first step towards the definition of the roadmap with regard to ESG, it is necessary to identify and prioritise the material subjects which are most relevant to the company and its main stakeholders. Materiality analysis is one of the most reliable tools to respond to this need.

In 2022 **Audax Renovables** updated its materiality matrix, obtaining as a result some new material subjects, which were not included in the previous year, and which were taken into account in the definition of the roadmap.

METHODOLOGY

The methodology used this year to determine the materiality, just like in 2021, is the following:

1. Identification of the risks and aspects that are important to the **Group** and its stakeholders, consisting in:

- Preparing a **business analysis** based on an internal analysis of the **Group**, bearing in mind the information and documents regarding the organisation's commitment to sustainability, which was calibrated during the meetings with the relevant departments.
- Preparing an **environment analysis** based on:
    - The analysis of the material aspects in the ESG of other comparable businesses operating in the sector.
    - The identification of the important matters in sustainability within the business sector according to the main analysts. In this context, the following standards and regulations have been taken into account:
        - GRI Standards
        - SASB Standards
        - Dow Jones Sustainability Index
        - Contents of the Law 11/2018 on Non-financial Information
        - Principles of the Global Compact and the contribution of the sector to the SDGs.

2. After obtaining an exhaustive list of the important aspects, the work concentrated on prioritising them according to their **materiality** and **impact**.

As a result of the 2022 review, the following materiality matrix was obtained[3]:

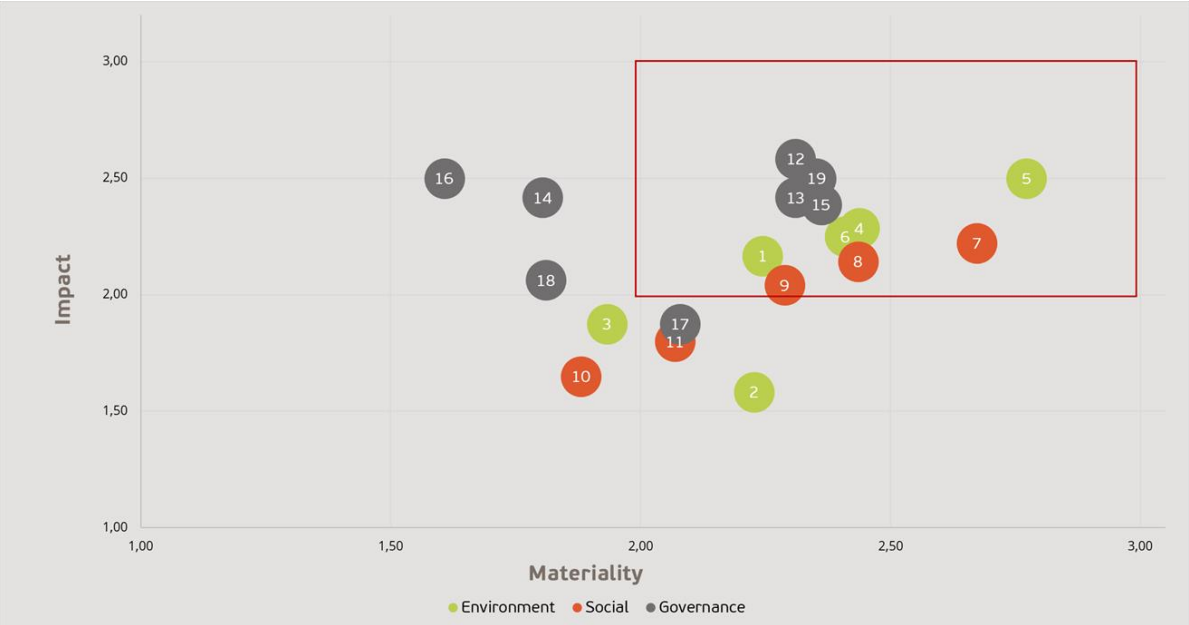


Diagram 5: *Materiality matrix 2022*

[3]The review of the current year has concentrated on the reassessment and reclassification of the material subjects and on the publication of the materiality matrix. We work towards incorporating the perspective of double materiality in the future years.

MATERIAL SUBJECTS

1	Environmental management
4	Climate change
5	Energy transition
6	Biodiversity conservation
7	Diversity and equal opportunities:
8	Employee development
9	Workforce well-being
12	Customer satisfaction
13	Economic performance and green financing
15	Compliance and risk management
19	Transparency, communication and ESG ratings

OTHER ASPECTS

2	Efficient use of resources
3	Circular economy and waste management
8	Future outlines
9	Staff health and well-being
10	Community impact
11	Energy vulnerability
12	Customer and user satisfaction
14	Connectivity and digitalisation
16	Data protection
17	Ethics and integrity
18	Responsible supply chain

The identified material aspects were restructured according to the three ESG pillars (environmental, social and governance).

Below we present a brief description of each of the material subjects resulting from the materiality analysis review.

MATERIAL ASPECT	DESCRIPTION
Natural environment	
Climate Change	In order to tackle the climate crisis, the **Group** works towards reducing its carbon footprint by implementing multiple initiatives. Furthermore, **Audax Renovables** continues endeavouring to integrate the risks and opportunities derived from the climate change into the company's strategy.
Energy transition	Due to the nature of the **Group's** business, its contribution to the energy transition and decarbonisation is a central aspect of the environmental group of topics.
Biodiversity conservation	The conservation and sustainable use of biodiversity are key elements of the path towards a model of green economy and sustainable development, which would minimise the impact of human activities and recognise the value and the relevance of the ecosystem services for the development and well-being.
Environmental management	It is a management model of monitoring environmental aspects generated in the activities carried out by the company. It promotes the environment protection and contamination prevention in a way balanced with the socioeconomic aspects.
Social	
Staff well-being	Quality job creation, adequate management and organisation of working time, and employment growth constitute significant matters in all the **Group**.
Employee development	Professional development of the employees has direct effect on the company's evolution. The employees with appropriate professional development improve the work quality. **Audax** is working primarily in two aspects: training and performance evaluation.

Diversity and equal opportunities:	It is essential to develop adequate measures in order to boost diversity, ensure equal opportunities and inclusion, as well as to guarantee fair pay to all the employees.
Governance	
Customer satisfaction	Customers are a priority to the **Group** and therefore it endeavours to improve continually its customer service and to know the customers' expectations and needs.
Economic performance and green financing	In order to address new trends, it is essential that the organisation ensure its economic liquidity while adapting its business model to sustainability investments, for example through green bonds.
Compliance and risk management	Establishing policies and procedures which guarantee full compliance with applicable regulations by constantly monitoring any amendments made to said regulations. As well as working steadily on the development of internal control systems, policies and procedures in order to ensure adequate risk management.
Transparency, communication and ESG ratings	For an organisation committed to its stakeholders it is essential that it should operate in a transparent way and establish adequate communication channels for each of the stakeholders. As well as integrate their expectations and interests in the process of decision making. With regard to the ESG ratings, they measure the company's exposure to long-term environmental, social and corporate governance risks. The investors rely more and more on the ESG ratings to complement the financial analyses and choose sustainable investments. EthiFinance has awarded **Audax Renovables** the BBB- rating (currently under review) and Sustainalytics has awarded the rating of 22,7 (Medium Risk) in 2022.

Table 1: *Presentation of the material aspects of the Group*

In 2022 the materiality matrix has been reviewed, and the result was the addition of new material subjects prioritised in the ESG roadmap (for more details see the following chapter).

With regard to the calculation of the double materiality and the proposed EU Directive on Sustainability Reports (CSRD) published in 2021, the **Group** has decided to not present the calculation for this year and undertakes to meet this requirement in 2023. It is a result of the late publication of the EFRAG (European Financial Reporting Advisory Group) guidelines in December 2022, which did not allow to guarantee the reliability of the calculation. Moreover, it is expected that EFRAG publish new drafts with more details on the calculation methodology, which will facilitate meeting the requirements in 2023.

2.2 ESG roadmap

Being aware of the importance which ESG has assumed in recent years in the eyes of our main stakeholders, as well as the regulatory tsunami that we confront, **Audax Renovables** approved the Strategic Plan 2021-2026, in which it aspires for the management and the organisation to be in the forefront of the ESG matters as a fundamental pillar of the corporate strategy of the **Group.**

This goal strengthens the company's strategic direction and sustainability management in order to attain a common objective: to improve the **Group's.** sustainability performance. Consequently, upon approving the strategic plan 2021-2026 and carrying out the materiality

analysis in order to identify priority subjects, **Audax** defined its ESG roadmap, which was approved in July 2022 by the Board of Directors.

The sustainability roadmap identifies material subjects for the **Group** and defines an action framework for each of them through the implementation of initiatives and/or projects to be implemented in subsequent years in order to improve the company's sustainability performance. The ESG roadmap was developed in cooperation with KPMG, a Big Four company, leader in the sector.

The first initiative implemented was the creation of the position of Sustainability and Environment Manager to the company's structure in order to reinforce the sustainability management model and ensure the appropriate management of all the ESG aspects within the **Group**. The manager's responsibilities involve the definition of the sustainability strategy, the implementation of the ESG roadmap and monitoring of the environmental performance.

The roadmap is structured around the 3 fundamental ESG pillars: environment, society and governance. With regard to each of them material subjects have been identified and specific recommendations have been defined.



Diagram 6: *ESG roadmap*

ENVIRONMENTAL PILLAR

The environmental pillar is focused on the company's commitment to the energy transition and the fight against the climate change. For many years now **Audax Renovables** has been centred around renewable energy and has been a key player in the energy transition and the fight against the climate change. Being aware of this important role, the company redirected its corporate strategy in 2021 in order to focus on increasing its portfolio of energy generation from 100% renewable sources. This strategic change contributes directly to the goal of improving the Spanish energy mix in line with the regulatory framework of the European Green Deal and the National Integrated Energy and Climate Plan. In 2022 the generation portfolio increased to 245 MW, in comparison to 226 MW consolidated at the closing date of 2021, and it is expected to continue growing in the upcoming years.

Audax is aware of the environmental impacts and risks related to the activity of renewable energy generation through the installation of photovoltaic and wind farms. Therefore, its generation model is responsible and respectful towards the environment and the company establishes procedures for the correct management. This applies to the location selection, environmental impact analysis, implementation of biodiversity conservation measures,

maintenance plans, avifauna monitoring, environmental studies throughout the life cycle of the power plants, and the development of dismantling plans, always in compliance with the applicable legislation. **Audax's** projects have never been fined for environmental non-compliance.

Biodiversity conservation and improvement, natural capital and ecosystem services are the **Group's** priorities and are taken into consideration during all decision-making connected to operating and future projects. At every stage of the project protection measures are defined regarding all the environmental aspects, and constant monitoring of the areas and species inhabiting them is carried out, and specific measures are applied when required. In cases where impact is unavoidable, compensatory measures are implemented, such as reforestation.

It should be mentioned that various companies of the **Group** have been awarded internationally recognised environmental certificates for their environmental management good practices, such as ISO 14001 (Environmental management) and ISO 50001 (Energy management). Moreover, many companies integrate environmental efficiency concepts. For example, Unieléctrica has adapted its head office building by the use of insulating materials for its construction to protect it from heat and thus optimise the use of air conditioning.

SOCIAL PILLAR

The social pillar involves creating quality employment, ensuring employee development and well-being, equal opportunities, promoting diversity, contributing to the local communities, social action and associations.

In particular, the **Group** promotes equal opportunities between men and women in recruitment, training and promotion of professionals and their working conditions, as well as access to goods and services and their supply.

The employees are all-important to **Audax**, therefore, creating quality work environment and ensuring health and safety of people, especially at work, are some of the **Group's** fundamental principles. The Group also endeavours to ensure the employees' personal and professional development, and bolster the emotional well-being of all the staff. The organisation is working towards equal opportunities and the commitment extends to all the areas of activity of the company, from staff selection to work-life balance. **Audax** defined an Internal Equality Plan, which was approved in 2020 (for more information see chapter *4.2 Diversity, equal opportunities and non-discrimination*).

The **Group** also contributes to high-quality employment through all its activities. This effect is especially noticeable in the regions where wind farms and photovoltaic power stations are being installed, which usually are rural areas, away from the most important towns, where it creates employment and contributes to the economy. And not only in the stage of construction, but also during the subsequent maintenance of the power plants.

Moreover, it cooperates with various associations, such as: Save the Children, Pídeme la Luna, La Lucha de Abril, the Asociación de Síndrome de Down of Córdoba, the Asociación de Autismo of Córdoba and the Food Bank of Medina Azahara, among others.

There is also its commitment to the Sustainable Development Goals (SDG) and its contribution to 11 of them. Chapter *2.3 Contribution to the Sustainable Development Goals* contains detailed information on the contribution to each of the goals.

GOVERNANCE PILLAR

The governance pillar involves material subjects such as corporate governance, economic performance and green financing, ESG ratings, compliance system, risk management and communication and transparency. **Audax Renovables** ensures that the company's commitments and ethical responsibilities are fulfilled, implements good practices in the area

of corporate governance and promotes transparency in its relations and communication with all the stakeholders, especially with its employees, clients and shareholders.

The **Group's** commitment to corporate ethics is evidenced by the fact that it has been a member of the United Nations Global Compact for 10 years now. It is an initiative of ethical commitment aimed at encouraging the businesses from all the countries to implement as an integral part of their operations and strategies the 10 principles of conduct and action in the areas of human rights, labour, environment and anti-corruption.

The **Group** undertakes to respect, in all its activities, the fundamental rights and civil liberties recognised by national and international agreements and legal systems of the countries where it operates. This commitment is fulfilled primarily through respect for human dignity. This commitment is featured in the Corporate Code of Ethics and Conduct of **Audax Renovables:** https://www.audaxrenovables.com/en/wp-content/uploads/2022/05/Corporate-Code-of-Ethics-and-Conduct_AUDAX-RENOVABLES_Nov20_def.pdf

Corporate governance model of **Audax** orients the company's focus towards the interest of its employees, the company and its shareholders, and is based on the principles of transparency, independence and responsibility. The management structure differentiates properly the direction and management functions from the oversight and control functions. For more information on the governance model and governing bodies see *Chapter 5. Corporate Governance.*

Strict compliance with the applicable law is an indispensable condition, therefore the activity of the **Group** is founded on the culture based on its values and is carried out in strict compliance with applicable legislation and with the highest compliance standards. In order to go a step further, the organisation is working towards drawing up and implementing a Compliance and Criminal Risk Prevention Model in the countries where it operates (adapting such model to the legislation applicable in each country), which will allow it to prevent, detect and punish possible offences.

At the level of economic performance, it should be mentioned that in June 2020 the **Group** approved its Reference Regulatory Framework for Green Financing (available on the website), an effort towards sustainable growth in the area of the environment and development, which includes sustainability policies and practices with the aim of optimising the cost of its debt, diversifying its finance sources and aligning its finance strategy with its sustainability mission and values.

By aligning with the Principles established by the International Capital Market Association (ICMA) the **Group** has set itself the goal to assign the funds obtained through issue of Green Bonds to be invested in those projects which would meet the criteria concerning natural environment and sustainable development.

In 2020 the **Group** registered a fixed income bond programme on the Alternative Fixed-Income Market (MARF) considered as green bonds under the **Group's** Reference Regulatory Framework for Green Financing. The first issue of green bonds was carried out, amounting to a total of EUR 20 million, with the purpose to be used for the construction of 8 photovoltaic plants, and the second issue of green bonds of EUR 200 million was assigned to the restructuring of the debt maturities. The use of the obtained funds will consist in financing or refinancing green projects.

In addition to the issue of green bonds carried out in 2020, referred to in the previous paragraph, and given the keen interest demonstrated by the investors, in June 2021 the **Group** announced an extension of this 2020 Issue, increasing it eventually by the amount of EUR 100 million.

2.3 Contribution to the Sustainable Development Goals (SDG)



The 17 Sustainable Development Goals (SDG) defined by the United National for the period of 2015-2030 include global goals to eradicate poverty, protect the planet and ensure the welfare of all. The SDG play an essential role, providing the businesses with a universal and coherent framework to guide their contributions to the sustainable development and create a shared value.

Audax Renovables is a pioneer in its commitment to sustainable development, which is evidenced by the fact that the **Group** has been associated since 2013 with the Spanish Network of the United Nations Global Compact for Sustainable Development: an action plan for the benefit of the people, the planet, general welfare and global peace. Therefore, **Audax Renovables** has adopted the SDG as standard indicators to identify the value added to the society and as a communication tool for all its stakeholders.

The ESG roadmap is aligned with the fulfilment of the SDG in their entirety, but because of the area of its activity and the sector where it operates, it contributes specifically to the following SDG in the three ESG dimensions:

NATURAL ENVIRONMENT



TARGET 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

The **Audax Group** is a key player in the energy transition, and the improvement of the national energy mix is one of its primary goals. Therefore, we have defined a roadmap to become a benchmark in renewable energy generation, focusing all our efforts and resources on the generation activity and working towards making this energy accessible, affordable and non-contaminating for the population of the countries where we operate.

Audax focuses on the projects of energy generation from renewable sources and on providing the company with a robust portfolio of photovoltaic and wind projects. In 2022 the generation portfolio increased to 245 MW, in comparison to 226 MW consolidated at the closing date of 2021, and it is expected to continue growing in the upcoming years.



TARGET 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

The company's philosophy is to apply the best practices of construction and operation of its photovoltaic and wind power plants, ensuring the correct location of the power plants and preservation of

the heritage of the region. Thus we not only create the best value added for the region, but also mitigate and compensate possible environmental, economic and social impacts, which the company's operation may represent for the region.

The projects are developed through finding the most sustainable, reliable and resilient alternatives, striving to use the cutting-edge technologies and promoting their sustainable and efficient use.

As the main contribution to sustainable industrialisation, **Audax Renovables** builds its power plants using the most recent technologies available on the market under assessment, coordination and execution of independent experts.



TARGET 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Audax offers to localities and communities of different countries where it operates, energy obtained from renewable sources at a competitive price, cooperating towards decarbonisation of the cities and helping them to become more sustainable.

In 2022 it provided access to energy to more than 387,000 clients, a figure which increases from year to year, SME being its main clients.

Moreover, the **Group** makes indirect impact on the local economy by contributing to wealth generation through the payment of fees and taxes, increasing consumption and boosting tourism as a consequence of the creation of new sightseeing tours related to wind energy.



TARGET 12.8

By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

The **Group** promotes innovative and responsible culture by raising awareness and educating people and companies concerning renewable energy, and especially concerning responsible energy consumption.

Audax also aspires for the people to have appropriate information and knowledge to start a sustainable lifestyle. Consequently, publications regarding good practices in the area of energy consumption are made available through various channels (corporate Website, LinkedIN, Instagram, etc.).



TARGET 13.2

Integrate climate change measures into national policies, strategies and planning

Being aware of the challenges connected with the fight against climate change, the corporate strategy of **Audax** defines as the main objective to promote the business of energy generation from 100% renewable sources by building photovoltaic installations and wind farms to make a positive impact on the environment through the reduction of greenhouse gas emissions and reduction of other negative effects of the use of traditional fuels.

In 2022 the total portfolio of generation projects is of 1,415 MW.



TARGET 15.1

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Audax strives to ensure the conservation of ecosystems through implementing photovoltaic installations which do not have a direct impact on the land or the area used for the purpose. The **Group's** environmental commitments are directly related to the preservation of flora and fauna of the site, the monitoring of the species inhabiting the area and the reforestation of each square meter of land used for the construction.

TARGET 15.2

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

Building wind farms and solar farms meets the target of halting deforestation and ensuring the conservation of native species of each area and conservation of their natural habitat.

The maintenance and control of the herbaceous vegetation of the photovoltaic installations is carried out through grazing, avoiding the use of herbicides and with the aim of eliminating the use of fossil fuels and employing the most natural possible means of control of wild vegetation. The usual practices of monitoring and control involve carrying out a reforestation equivalent to the number of hectares covered with the photovoltaic panels and/or designating a local bird

on which the specific monitoring is carried out in order to check for possible damage to the species.

SOCIAL



TARGET 5.5

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Audax Renovables promotes and contributes to the struggle for gender equality and non-discrimination. As a part of its commitment, the **Group** has drawn up an Internal Equality Plan and a remuneration policy whose fundamental objectives are: the application of the principle of non-discrimination based on gender, encouragement of equal opportunities and balance in positions of power and authority, including women in the decision-making processes through their equal presence in the representative bodies.

In the area of prevention, the **Group** makes available to its employees the Harassment Protocol and the Whistleblowing Channel for the purpose of reporting, investigating and punishing any kind of discriminatory conduct which may occur in the workplace.



TARGET 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

The growth of **Audax** in recent years has been exponential, and not only in the economic aspect. At the end of 2022 the staff is comprised of 787 employees and it is expected to continue creating employment in all its activities in the upcoming years.
In particular, the **Group** contributes to the activation of the economy of rural areas where its photovoltaic plants and wind farms are being installed. The installations are usually located in rural areas, away from the most important towns, and therefore help stimulate the economic growth of these areas and generate local employment of high quality through the construction of the installations and their subsequent maintenance.

Audax Renovables' fundamental principles involve creating workspace of high quality and guaranteeing health and safety of people, especially in their workplace. It also endeavours to ensure the employees' personal and professional development, and bolster the emotional well-being of all the staff.



TARGET 10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

As a part of the Group's commitment to reinforce and promote equality within the organisation, the inclusion of diverse collectives is encouraged in the employment procedures. With this regard, in 2022 the total number of employees with disability is 10.

The Equality Committee of **Audax Renovables** is responsible for supervising the compliance with the equality of treatment and opportunities principle within the organisation, ensuring the fulfilment of the plan and its actions within the proposed deadlines, organising follow-up meetings and encouraging new awareness-raising actions and measures. All these functions are outlined in the Regulations of the Equal Opportunities Committee.



TARGET 17.16

Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular in developing countries

The **Audax Group** is committed to the Global Partnership for Sustainable Development, which is evidenced by its membership of the Spanish Network of the United Nations Global Compact for Sustainable Development since 2013. Moreover, **Audax Renovables** enters into partnerships with organisations and associations which aim to cooperate with the society and the environment, such as Fundación Migres, as well as the associations (such as UNEF, AEE and EOLICAT), which have among their members various wind and photovoltaic energy companies of the sector. Moreover, each year cooperation is established with various NGOs, which promote protection of children, respect for animals, sport and combating diseases, among others.

GOVERNANCE



TARGET 15.2

Develop effective, accountable and transparent institutions at all levels

The SDG 16 targets are aligned with the good work of **Audax**, with regard to the fight against corruption, and promoting transparency of information. Consequently, all the information concerning the **Group** and its history is available on the website, in addition to the various communication channels made available to the stakeholders in order to maintain the transparency and the quality of the information. Moreover, internally there is the whistleblowing

channel and the Code of Ethics, aimed at preventing and managing any indication of corruption and/or bribery, which might occur in the company.

2.4 Relations with stakeholders

Being aware of how important it is to know the needs and expectations of our stakeholders, we have been working towards identifying them:

TYPOLOGY OF STAKEHOLDER		GROUPS IDENTIFIED STAKEHOLDERS
Internal	Those persons whose relationship with the Group arises through a direct relationship with the Group	Employees
External	Those persons or groups who do not work directly with the Group, but are affected by its actions and business performance	Shareholders and investors
		Customers
		Institutions (authorities, regulatory bodies and public administrations)
		Suppliers and collaborators
		Local community
Indirectly	Those groups that can indirectly affect the business	Financial analysts
		Media
		Competitors
		Industry associations

Table 2: Stakeholders

In this regard, we have defined efficient communication channels, working in a continuous and bidirectional way with each and every one of the stakeholders. These channels are accessible by mobile, telephone, through the website, which additionally has a personalised chat, by email, the Intranet, the postal mail, or personally in the offices. Since 2021 it is also possible to contact through WhatsApp, the well-known instant messaging service.

Due to our raison d'être, we also have specific communication channels designed to ensure constant communication with our clients. For this reason **Audax Renovables** and all its **subsidiaries** have a department dedicated to the Client Service where they can resolve any possible concern or issue. In order to guarantee high quality customer service, in 2022 the Customer Service Handbook was updated.

The **Polish subsidiary** also has a direct communication channel for its clients, and the communication with the employees is carried out through the person in charge of each

department. The persons in charge are responsible for ensuring that the employees' concerns and inquiries are processed correctly.

Unieléctrica offers a communication channel for its clients and suppliers on the company's website, letterbox and complaint form, email and postal mail. There is also a telephone number for customer service. In order to maintain fluent communication with the employees, the persons in charge of departments of Unieléctrica are responsible for transmitting the employees' concerns to the management; for example, in matters of training, they organise periodic meetings to talk about their training needs and suggest them to the Human Resources department.

The **Italian subsidiary** makes available to its clients a website, an email address and a customer service phone number for the clients for the purpose of making enquiries, complaints or requests.

In this regard, the **Hungarian subsidiary**, apart from making available to its clients several communication channels by telephone, email, postal mail or online customer service, carries out quarterly surveys of customer satisfaction, or even personal visits to its clients, besides the NPS surveys.

Main Energie (the Dutch subsidiary), also makes various channels available to its clients in order to ensure high quality communication. It has a postal mail address and an email address, besides indicating on its website the address of its customer service offices for the purpose of personal communication, and an online messenger service accessible also from its website.

The Customer Service Department of the **German subsidiary** of the **Group** has a telephone number, an email address and a contact form and a chat accessible through its website, as well as a WhatsApp number, for the purpose of attending to its clients. Moreover, a mobile application is available for iOs and Android, which comprises all the services offered by this **subsidiary** to its clients, in order to ensure their satisfaction and fluent, high quality communication.

Both **Main Energie (the Dutch subsidiary)** and the **Hungarian subsidiary** ensure the quality of the customer service by aligning their quality management systems with the ISO 9001 standard.

3 Information on environmental issues

As it was mentioned in the previous section, the activity of the **Group** fosters protection and respect for the natural environment. The **Group** promotes policies which reinforce this commitment to the environment.

It should be noted that **Unieléctrica** obtained in 2016 the Energy Management System Certification 50001, which confirmed its compliance with international regulations developed by ISO (International Standard Organisation), with the aim to maintain and improve the system of energy management within the organisation. Therefore, the activity of the organisation and the operation of all its facilities complies with this internationally-recognised European quality standard. The achievement of the certification is a proof of the **Group's** commitment to energy efficiency regarding the services rendered to the customers, as well as a commitment to the customers themselves.

The **Hungarian subsidiary** has obtained the ISO 14001, which leads to the definition of environmental goals and specific indicators. For this purpose the subsidiary has an employee in charge of supervising the continuous implementation of the ISO.

Thanks to these policies and procedures no breach of applicable laws or regulations took place.

3.1 Sustainable use of resources

Audax Renovables strives to ensure **responsible use** of the natural resources, as far as its operation and activities allow it.

Due to the activity of the company, the reported data on the use of resources are typical of companies of this kind, which have employees and report consumption relative to their offices, given that it is there where one of the main activities of the **Group**, the retail of renewable energy and natural gas, is carried out.

WATER CONSUMPTION

Due to the retail activity carried out by the **Group**, no significant water consumption takes place, because water is consumed only in the offices, from where this activity is being managed.

The water consumed comes from own providers, except for the case of the wind farm el Pedregoso (located in Spain) where water is obtained from a well situated on the plot where the wind farm facilities are installed, and of the wind farm Postolin (located in Poland) where rainwater is collected for consumption, accounted for as recycled water consumption.

During 2022 total water consumption of the **Group** within its retail activity was of 1,242 m^3, returning to the levels of 2020 before the pandemic.

	WATER CONSUMPTION		
	2020[4]	2021[5]	2022[6]
Total water consumption	1,238 m^3	962 m^3	1,242 m^3

Table 3: Water consumption

In relation to the other activity of great importance carried out by the **Group**, meaning the generation of electricity from renewable sources, the use of natural resources tends to be more relevant and controlled. This is the case of water that will be used in the new photovoltaic farms built during 2021 and 2022, for the purpose of cleaning the panels in order to make them more efficient. The cleaning is planned to be carried out annually, depending on weather conditions. During 2022 water was not used to clean them because these farms have been put into operation only recently and did not need cleaning.

ENERGY CONSUMPTION

Energy consumption of the **Group** takes place mainly in its diverse facilities, such as head offices and buildings where various **subsidiary companies** are located, as well as in the power plants of 100% renewable energy generation.

Unlike in the previous year, in 2022 electricity consumption of the wind and solar farms was included because in the last two years many of the plants were put into operation and the information on their water consumption is now material to the **Group**. Electricity consumption amounted to 1,472.86 MWh, of which 94% was generated from renewable sources. Own consumption of natural gas (41.79 MW) decreased considerably because the **Dutch subsidiary** moved to new offices, where natural gas is not used. The sum of both consumptions translates into energy intensity of 0.42 kWh per profit obtained.

	ENERGY CONSUMPTION		
	2020	2021	2022
Total electricity consumption[7]	345.32 MWh	607.51 MWh	1,472.86 MWh
Total gas consumption[8]	41.90 MWh	127.84 MWh	41.79 MWh
Total energy intensity on the basis of the profit obtained	0.01 KWh	0.26 KWh	0.42 KWh

Table 4: Energy consumption

[4] Water consumption reported in 2020 corresponded to Unieléctrica, Audax Renovables, the Polish subsidiary, Eólica el Pedregoso and Eólica Postolin. The figures regarding water consumption of the wind farms come from an estimation.
[5] In the year 2021, the subsidiaries that report water consumption are Audax Renovables, Unieléctrica, Masqluz, By Energyc, the Dutch and Polish subsidiaries and the wind farms of Postolin (Poland) and the wind farms El Pino and El Pedregoso (Spain). In the case of the Dutch subsidiary and the wind farms del Pino and El Pedregoso, the information about water consumption was based on estimates.
[6] In 2022 no data was reported of Audax Renovables, the Netherlands, Unieléctrica, Poland and the wind farms of el Pino and El Pedregoso (Spain). The figures regarding water consumption of the wind farms come from an estimation.
[7] In the year 2022 the subsidiaries which report electricity consumption are Audax Renovables, Unieléctrica, the Portuguese, Dutch, Italian and Polish subsidiaries. Unlike in the previous year, the Hungarian subsidiary was not included, because the consumption of the offices is included in their rent and is not material to the calculation.
[8] In the current year this figure refers only to the Italian subsidiary of the Group, because the rest of the companies did not have gas consumption.

MATERIAL CONSUMPTION

Due to the type of activity of the **Group**, the consumption of materials refers mainly to those materials which are typically used in office daily activities, such as shown in the following table. Due to the measures of teleworking implemented in various **subsidiaries** over the year, the consumption of materials decreased significantly (19%) in comparison to 2021.

	USED MATERIAL CONSUMPTION[9]		
	2020	2021	2022
Paper	17.55 tonnes	15.13 tonnes	12.31 tonnes
Toner	0.008 tonnes	0.02 tonnes	0.03 tonnes

Table 5: *Used material consumption*

3.2 Climate change

The **Group** is committed to fighting climate change, developing year after year its activity of electricity generation from 100% renewable sources. The **Group** makes efforts to provide products and services to its clients, which will allow them to reduce their consumption of natural gas and electricity, and offer them the possibility for the energy they consume to be generated from renewable sources.

Moreover, the Group strives to contribute to the emissions reduction through initiatives and good practices in each of the **subsidiary companies**.

One of the initiatives has been carried out since 2018 by **Unieléctrica**, in accordance with the 2012/27/EU[10] Energy Efficiency Directive and its requirements, by which the **Group** endeavours to reduce by 1.5% the total annual energy consumption. To this purpose, the Group has implemented diverse energy efficiency measures which at present continue to bring savings. Some of these measures are presented below:

- The lights in the rooms which are not in use shall be turned off.
- The air conditioning in the buildings shall be adjusted by smart thermostats.
- External lighting shall be controlled by a timer in order to reduce its operating hours and avoid failing to turn it off.
- Use of LED lighting.

Through these measures in the year 2022 it was possible to make savings of 9.22% in comparison to the previous year.

It should be noted also that the cladding of the building of that subsidiary is made of diverse insulating materials which help optimise the use of air-conditioning and heating systems.

The final objective of all these initiatives is to reduce the environmental impact made by the emission of greenhouse gases (GHG).

[9] In the year 2022 the companies which report material consumption are Audax Renovables, Unieléctrica and the Polish subsidiary.

[10] The Energy Efficiency Directive, published on 25 October 2012 in the Official Journal of the European Union (OJ), sets out a series of goals for energy saving and efficiency at a global and sectoral level. It also includes a target of new annual savings of 1.5%. The updated information on energy savings will be provided in the report for the year 2022 considering the wide variability of the consumption caused by the pandemic situation.

In 2022 the total **scope 1** emissions (emissions directly related to the core business of the company) were of 17.73 tonnes of CO_2 and included emissions related to the consumption of natural gas in the **Italian subsidiary**. According to the commitment of this subsidiary to the fight against climate change, the subsidiary compensates 100% of those emissions with the acquisition of guarantees of origin. The subsidiary has the United Nations certified emission reduction. The emissions connected with the use of fleet of vehicles was not included as considered material. Moreover, the emissions of **scope 1** also have been reduced thanks to the change of offices of the **Dutch subsidiary,** which currently does not consume natural gas.

In the case of **scope 2** emissions (indirect emissions), the result was of 28.99 tonnes of CO_2, including emissions related to the electricity consumption. The reduction of emissions of **scope 2** is due to the fact that this year the **Hungarian subsidiary** was not included in the calculation[11].

	GREENHOUSE GAS (GHG) EMISSIONS[12]		
	2020	2021	2022
Scope 1	8.53 teq CO_2	25.82 teq CO_2	17.73 teq CO_2
Scope 2	24.46 teq CO_2	69.09 teq CO_2	28.99 teq CO_2
Total GHG emission intensity per revenue	0.0012 kg eq CO_2	0.03 kg eq CO_2	0.01 kg eq CO_2

Table 6: Greenhouse Gas Emissions

3.3 Circular economy and waste management

Similarly to what has been said about material consumption, the **Group's** business as such contributes to the transition towards circular economy and reuse of waste materials generated by the activities.

In the case of waste management, the greatest impact is generated in the construction of the power plants and the activities carried out by the employees in the **Group's** offices. Efforts are made to reduce to a minimum the environmental impact of the waste that is generated.

With regard to the business of energy generation, due to the normal maintenance necessary to keep operating the wind farms, there exists generation of waste materials, both hazardous and non-hazardous. The majority of these waste materials is managed by third agents under installation maintenance contracts.

The main waste materials generated in the year 2022 are specified below:

[11] For the calculation of Scope 2 emissions the Hungarian subsidiary was not taken into account. The consumption is related to the office rental and it was not possible to carry out a reliable estimation.
[12] For the purpose of calculation the GHG emissions, the MITECO 2020 emission factors were used for calculating the scope 1 emissions of natural gas, and for scope 2 emissions from electricity consumption the IEA 2020 factor was used, specific for Italy and Hungary, and for the rest of the countries - the factor of Spain.

	HAZARDOUS WASTE		
	2020[13]	2021[14]	2022[15]
Oils (used or mineral)	1,697.6 litres	150 litres[16]	1,250 litres
Fluids (washer fluid and refrigerant)	142.92 litres	-	-
Grease	6.8 litres	-	-
Absorbents	4.6 tonnes	2.06 tonnes	3.868 tonnes
Contaminated packaging and dirty material	1.02 tonnes	1.31 tonnes	0.777 tonnes
Grease	0.40 tonnes	-	-
Contaminated filters	0.20 tonnes	0.24 tonnes	0.213 tonnes
Contaminated soil	-	-	0.04 tonnes
Others[17]	-	-	0.04 tonnes

Table 7: Hazardous waste

The methods of waste management and elimination have been mainly those of recycling, disposal in landfill or energy recovery.

	NON-HAZARDOUS WASTE		
	2020[18]	2021[19]	2022[20]
Destruction of confidential material	8.61 tonnes	0.9 tonnes	0.48 tonnes
Waste (plastic packaging)	0.08 tonnes	-	26.3 tonnes
Toner	-	0.02 tonnes	0.01 tonnes
Computer materials	-	0.26 tonnes	0.17 tonnes
Wood	-	-	42.7 tonnes
Cardboard	-	-	14.28 tonnes
Others	-	-	1.06 tonnes

Table 8: Non-hazardous waste

It should be noted that, due to the return of the employees to the offices of the **Group**, there has been a very significant increase in generation of plastic waste. Moreover, the company is working towards the digitalisation of documents in order to avoid greater amounts of paper waste. The **Italian subsidiary**, though it does not generate significant amounts of waste, establishes some measures in order to raise the awareness among its employees and promote selective waste collection in its offices. Likewise, recycling initiatives have been implemented in the **Polish, German, Hungarian and Dutch subsidiaries**.

[13] The figures for the year 2020 correspond to hazardous waste generated in the wind farms Eólica Postolin, Eólica del Pino, Eólica el Pedregoso and Eoliennes de Beausemblant.
[14] The figures for the year 2021 correspond to waste generated in the wind farms of el Pino, El Pedregoso and Eoliennes Beausemblant.
[15] The figures for the year 2022 correspond to waste generated in the wind farms of el Pino, El Pedregoso and Eoliennes Beausemblant, Zurvan and La Miranda.
[16] The decrease of oils in 2021 in comparison to the previous year was due to the fact that in the current year no oil change was carried out in the multiplier.
[17] The category Others refers to contaminated rags aerosols.
[18] The figures for the year 2020 refer to non-hazardous waste generated in the offices of Audax Renovables.
[19] In 2021 the reported waste correspond to Audax Renovables, Masqluz, ByEnergyc and the Portuguese, Polish and Italian subsidiaries. As a new addition this year waste toner and computer materials are also reported.
[20] In 2022 the reported waste correspond to Audax Renovables, Masqluz, ByEnergyc and the Portuguese, Polish and Italian subsidiaries. The information regarding La Miranda and Zurvan plants was also included. This year a new report presented figures concerning wood, cardboard and other non-hazardous waste.

3.4 Biodiversity protection

Biodiversity protection is a topic, which affects directly the energy generating activity of **Audax Renovables** and, particularly, to the areas where its wind and solar farms are located. While an installation is undergoing the construction process, research is carried out into local vegetation and fauna for the purpose of understanding the behaviours of the species dwelling in the area and establishing adequate environment protection and conservation measures. Once the construction is completed and the installation is put into operation, an exhaustive process of their monitoring and tracking is put in place as an integral part of the everyday operation of the facility.

A clear example of the **Group's** work on biodiversity protection could be observed during the construction of the wind farm located in Panama. The farm's construction was carried out in compliance with the Equator Principles for managing social and environmental risk and health and safety. A Plan for Environmental Management was also developed, which includes a plan for rescue and relocation of flora and fauna as well as environmental education plan for local communities. Additionally, as part of the rescue and relocation plan, reports are made concerning the rescues carried out in the area, which exhaustively describe the procedure implemented. This way a list is compiled of all operations conducted and it is ensured that the method implemented is appropriate for the protection of the specimens of the species in question.

In the case of wind farms, due to the impact of the installations, it is fundamental to understand the flight paths and the behaviour of the avian fauna of the area. Specifically, and in the case of our wind installations in the south of Spain, through collaboration agreement signed between **Audax Renovables** and Fundación Migres, Environmental Monitoring Plan has been developed, which details the measures to be implemented in the wind farms belonging to the Asociación Eólica de Tarifa and its surroundings. The collaboration agreement outlines the following objectives: (i) to reduce bird mortality in the wind farms, (ii) to conduct research on the most affected species, and (iii) to raise awareness among the local population about the importance of respect for the environment and about renewable energy.

In the case of photovoltaic power plants, the installation of the solar panels is carried out on the surface, which means that concrete structures on the ground are not required, and their future disassembly is made easier. After the construction is completed, environment protection actions are carried out in order to continue protecting the environment beyond the new installations.

In the process of maintenance, control of the herbaceous vegetation of the photovoltaic installations is carried out through grazing, avoiding the use of herbicides and with the aim of eliminating the use of fossil fuels and employing the most natural possible means of control of wild vegetation. The usual practices of monitoring and control involve carrying out a reforestation equivalent to the number of hectares covered with the photovoltaic panels and/or designating a local bird on which the specific monitoring is carried out in order to check for possible damage to the species.

All the stages are monitored, from the beginning of the construction to the end of the useful life of the installations, which allows for the protection of the vegetation and fauna, control of the air quality, noise prevention, protection of the hydrological and hydrogeological systems, controlled waste management, cultural heritage preservation and, ultimately, disassembly of all the installation at the conclusion of their useful life.

3.5 European Taxonomy

The green taxonomy is a system established for the purpose of classifying economic activities and providing the businesses and investors with a clear definition of sustainable activity. The main goal of the system is to encourage capital investments for the purpose of financing sustainable development and mitigating the climate change under very clear denominations, aligned with the Paris Agreement and OECD objectives.

Successful implementation of the European taxonomy is fundamental for the continent to achieve the proposed climatic and environmental goals and for the future generations to be able to enjoy a healthy and habitable world.

In order to implement it, in January 2022 and under Delegated Regulation 2178, the requirement is established for the non-financial businesses to publish information on eligible and non-eligible economic activities according to the applicable regulations. For **Audax Renovables** this implementation of the taxonomy involved an immediate alignment because of the sustainable goals set by the company, aiming to create a portfolio of investments in photovoltaic and wind energy in order to generate and add to its distribution the energy from 100% renewable sources.

Under the EU Taxonomy Regulation (hereinafter, the "Regulation"), a "green" list has been created, which groups and classifies economic activities which are considered environmentally sustainable according to the recommendations of the Technical expert group on sustainable finance, who established and developed the technical criteria in order to classify these activities.

ELIGIBILITY ANALYSIS

For the purpose of determining the eligibility of these activities and their subsequent analysis, they need to comply, in the first place, with the technical selection criteria and not contradict the goals established by the Regulation. Once the activities have been selected, it will be necessary to specify the percentage of these eligible activities which fits the taxonomy with regard to three indicators: total turnover (Income), in the investments in fixed assets (CAPEX) and in their operating expenses (OPEX).

According to the analysis, the **Group's** activity which is an eligible activity under the guidelines of the European Taxonomy Regulation is the **generation of electricity from 100% renewable sources**, such as photovoltaic and wind technologies.

The **Group** conducted an analysis of each of the activities carried out by all the companies which comprise it and which gave results in the three key indicators mentioned above. The main reference framework was the Regulation (EU) 2020/852, which in its article 3 defines the criteria applicable to the economic activities to be considered environmentally sustainable and, on the other hand, the Delegated Regulation (UE) 2021/2139, which in its Annex I provides taxonomic classification of the technical criteria in order to determine the conditions under which an economic activity contributes in a sustainable way to mitigate the climate change and does not cause significant damage to any of the environmental goals.

ALIGNMENT ANALYSIS

In order to verify that the eligible activities are aligned with the Regulations, we will begin by the study of the technical criteria related to the environmental objectives, in order to conclude that the activities of electricity generation from photovoltaic and wind sources do not cause significant damage to the environmental objective. We understand as environmental objectives the following:

- Climate change mitigation.
- Adaptation to climate change.
- Sustainable use and protection of water and marine resources.
- Transition to circular economy.
- Contamination control and prevention.
- Biodiversity protection and restoration.

Specification of eligible activities:

1- Electricity generation through solar photovoltaic technology
2- Electricity generation from wind energy

The technical selection criteria applicable according to the Commission Delegated Regulation (EU) No 2021/2139 for the eligible activities are as follows:

- Substantial contribution to the climate change mitigation
- Avoiding significant damage to the environmental objective

With regard to these points, the appendix A to the Annex I of the Regulation mentioned above details a classification of the threats related to the climate, and the nature of the eligible activities, considering that, however these risks were mostly evaluated as a principal requirement, for example, for the construction of photovoltaic power plants, all the process of formalising and structuring for the purpose of complete coverage and mitigation is still to be concluded by the **Group**. Regarding the Sustainability Strategy, part of its implementation roadmap involves establishing and formalising these risks in order to have more activities aligned with the Taxonomy.

In conclusion, the **Group** will continue working towards meeting and formalising the requirements applicable to its eligible activities in the upcoming years, in order tor its eligible activities to be also completely aligned with the European taxonomy.

Results of the analysis of alignment with the EU Taxonomy

As a result of the analysis, the activity of electricity generation from wind and photovoltaic sources was determined to be eligible.

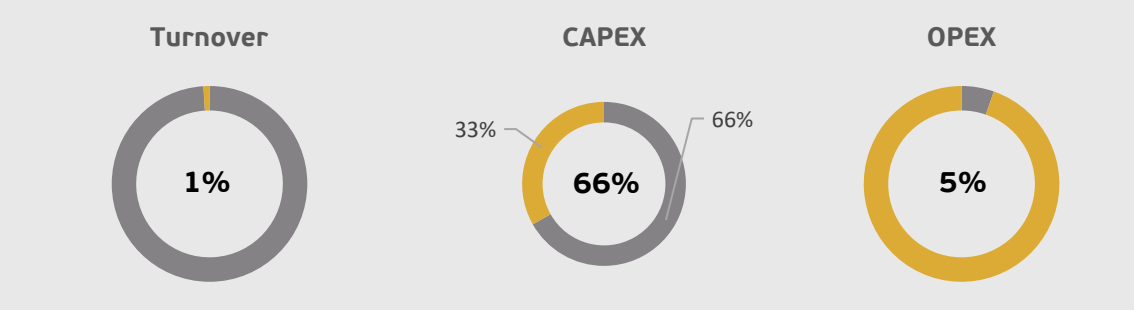


*Diagram 7: **Net turnover, CAPEX and OPEX***

It has been determined that in 2022 **Audax Renovables** presents 1.04% of net turnover, 66% of CAPEX and 5.04% of OPEX of alignment with the objectives of Climate Change Adaptation and Mitigation according to the provisions of the EU Taxonomy[21].

[21]For more details on the methodology used for the calculation of the itemised KPIs see the information contained in the Appendix II TAXONOMY CALCULATION METHODOLOGY to this document.

It should be noted that the other main activity carried out by the **Group** is the activity of electricity and natural gas retailing, which, although integrated in the business, was not considered adjusted to the classification criteria of the EU Taxonomy.

This segregation of activities was obtained for the purpose of showing in a clear way how **Audax Renovables** contributes to the fulfilment of the environmental goals of climate change mitigation and adaptation. As a **Group**, it endeavours to meet the integral goal of its activities of generation as well as retail of renewable energy, with projections of growth in the installed capacity in the next years, with the aim of not only contributing to the mitigation of climate change by generating energy, but also of supplying the energy to all kinds of users in various countries where the Group operates.

As may be observed through the CAPEX indicator mentioned above, **Audax** financing is practically entirely assigned to develop its plan of constructing its plants, on which the principal goal is set, which is to have 2,524 MW of installed capacity by the year 2026. It should be noted that all the projects of this portfolio have been commenced and are in various stages of development.

Audax Renovables has set a goal of project portfolio which involves the development of renewable energy generation plants and the increase of supply points of renewable energy, which has an impact that is positive basically from the environmental and social perspective, with projects and plants in six different countries. Moreover, endeavours are made to ensure the access to energy, with a positive impact on various communities, and to improve the standard of living in remote areas by providing energy security from renewable sources.

4 Information on social issues and concerning personnel

4.1 The Group's personnel

The **Group** is aware that its team is the essential asset and the one who allows all the activities to be carried out and will make it possible to tackle all the future plans with success.

Therefore, the Group strives to offer high quality training programmes, promote measures concerning equality and non-discrimination, guarantee safe and healthy working environment as well as ensure the reconciliation of work, private and family life. There are also programmes for training needs analysis and the **Group** makes sure to attend and listen to the employees' requests in order to respond and cater to their needs.

- **Audax Renovables** provides all new employees with a Welcome Pack comprised of the Corporate Code of Ethics and Conduct, a handbook about occupational risk prevention, the main internal rules and procedures, rules for regulation compliance, rules and procedures of entrance to and exit from the buildings, as well as the employment contract documents, the relevant authorisation for payroll management and user registration pursuant to data protection regulations. These documents set out the guidelines to be followed in connection with various topics, such as the ethics and confidentiality of information concerning clients, and outline all the responsibilities of the employees of **Audax Renovables**. The documents included in the Welcome Pack are made available through the internal Employee Portal, operating since December 2020.
- In addition to the Welcome Pack, **Audax Renovables** puts effort into raising awareness among its employees of the importance of equality and non-discrimination. Therefore the staff has been provided with the Internal Equality Plan, Harassment Protocol and Whistleblowing Channel, which are the tools made available to the employees in order to prevent, report, investigate and punish any kind of discriminatory conduct which may occur in the workplace.
- As mentioned before, the Employee Portal is available, which allows: to read and accept the mandatory documents as well as other formal documents of the organisation, to check the information related to the **Group**, the Internal Equality Plan, to access the suggestion box and the Whistleblowing Channel in a totally confidential and anonymous manner, and to check the internal job bank, set up with the aim of boosting promotion within the company.

Accordingly, in all the **Group's subsidiaries** new policies and procedures have been drawn up, for example:

- Each new employee of the **Polish subsidiary** receives a document of internal regulations, which should be signed and returned, specifying, among other issues, the company obligations, the regulations concerning work organisation, confidentiality of information and financial responsibility of the employees.
- **Unieléctrica** has a welcome book for new employees, which explains all the key aspects of the company and the advantages of working in it. Moreover, Unieléctrica has signed a Protocol with ASPY (a company operating in the field of Occupational Hazard Prevention), which outlines the objectives related to occupational hazard prevention, such as employee health and safety improvement, workplace atmosphere improvement, visibility and efficacy increase (in terms of success rate of undertaken preventative actions).

The Protocol aims to establish the course of action and common policy of occupational hazard prevention. Lastly, Unieléctrica's Human Resources department and Labour department are working towards developing the Equality Plan which is designed to support equal opportunities in the workplace for men and women and which is scheduled to be approved in 2022.

Personnel data as at 2022[22]:

The **Group** has ended the year 2022 with a total of 787 employees, of which 61% are women and 39% are men, with employment contracts in the **subsidiaries** covered by this document. **Audax Renovables** encourages gender diversity in the workplace, therefore in 2022 gender representation is very balanced:

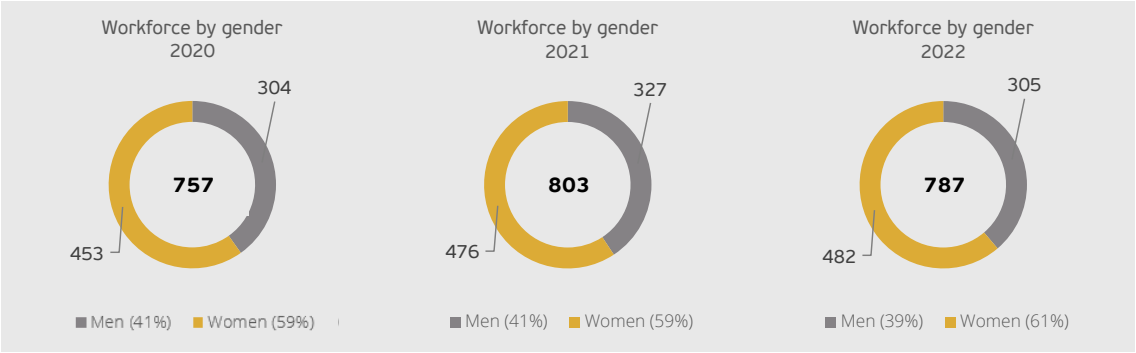


Diagram 8: *Personnel by gender*

In 2022 the distribution of the professional staff of the **Group** has been as follows:



Diagram 9: *Distribution of professional categories*

[22] The Group reports information on all its employees, covering the scope of all the companies which have active employees as at 31 December 2022.

In line with the commitment to create stable and quality employment, the **Group** encourages indefinite employment contracts for professionals. Therefore, as at 31 December 2022, 88% of the employees had indefinite contracts.

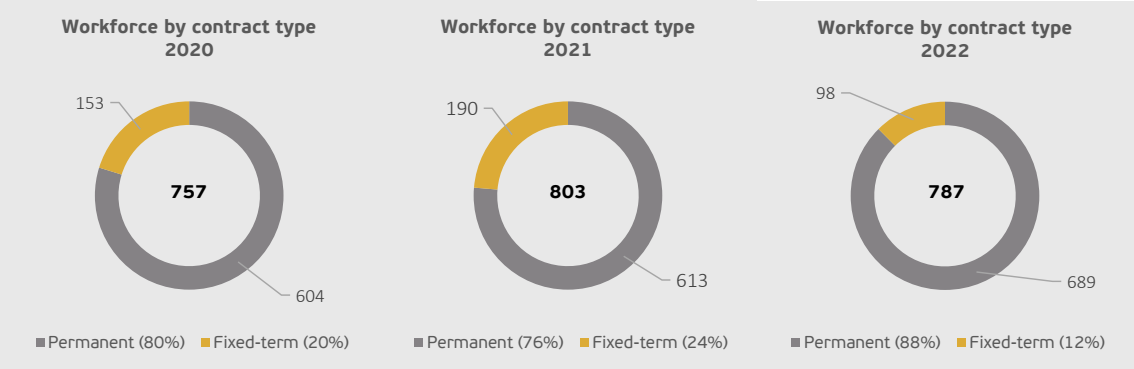


Diagram 10: *Personnel by contract type*

In 2022, 88% of the employees had a full-time contract, and a minority had a part-time contract. The **Group** is aware of the importance of the ability to offer diverse employment options in order to adjust to the personal needs of its employees as well as to the **Group's** activity.

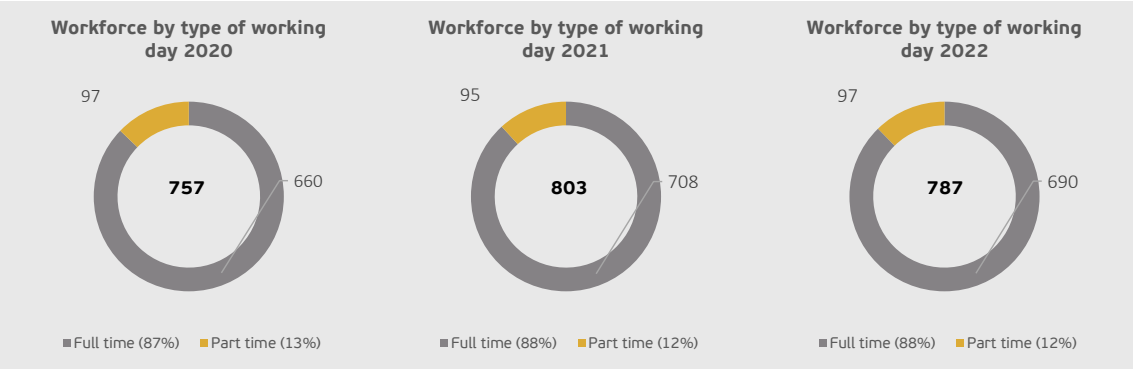


Diagram 11: *Personnel by type of work time*

The following table shows the distribution of staff by country, gender, age and professional category:

		SENIOR MGMT.		MANAGEMENT		LEADERSHIP		MIDDLE MANAGEMENT		OTHERS	
	Age bracket	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	<30	0	0	1	0	0	0	1	1	30	20
	30-50	2	2	5	1	8	7	15	14	92	161
	>50	0	0	0	0	0	1	2	3	12	23
	Total	2	2	6	1	8	8	18	18	134	204
	Total Spain	4		7		16		36		338	
THE NETHERLANDS	<30	0	0	0	0	0	0	1	0	10	7
	30-50	0	0	2	0	0	0	5	1	31	12
	>50	0	0	2	0	0	0	2	0	15	5
	Total	0	0	4	0	0	0	8	1	56	24
	Total the Netherlands	0		4		0		9		80	
ITALY	<30	0	0	0	0	0	0	0	1	2	6
	30-50	0	0	1	0	3	3	1	1	6	0
	>50	0	0	0	0	0	1	0	0	0	17
	Total	0	0	1	0	3	4	1	2	8	23
	Total Italy	0		1		7		3		31	
GERMANY	<30	0	0	0	0	0	0	0	0		0
	30-50	0	0	0	0	1	0	0	2	1	1
	>50	0	0	0	0	0	0	0	0	1	0
	Total	0	0	0	0	1	0	0	2	2	1
	Total Germany	0		0		1		2		3	
PORTUGAL	<30	0	0	0	0	0	0	0	1	1	3
	30-50	0	0	0	1	0	0	0	1	5	11
	>50	0	0	0	0	0	0	1	0	0	2
	Total	0	0	0	1	0	0	1	2	6	16
	Total Portugal	0		1		0		3		22	
POLAND	<30	0	0	0	0	0	0	0	0	0	4
	30-50	0	0	0	2	0	1	0	1	3	7
	>50	0	0	2	0	0	0	0	0	1	2
	Total	0	0	2	2	0	1	0	1	4	13
	Total Poland	0		4		1		1		17	
HUNGARY	<30	0	0	0	0	0	1	0	0	5	21
	30-50	0	0	1	0	2	2	0	3	25	118
	>50	0	0	2	0	2	0	0	0	3	11
	Total	0	0	3	0	4	3	0	3	33	150
	Total Hungary	0		3		7		3		183	

Total employees	SENIOR MGMT.	MANAGEMENT	LEADERSHIP	MIDDLE MANAGEMENT	OTHERS
	4	20	32	57	674
Total	**787**				

Table 9: Breakdown of staff by country, gender, age and professional category:

The following table shows the total number of employees with indefinite and fixed term contracts by gender, age and professional category:

	EMPLOYEES BY CONTRACT TYPE					
	2020		2021		2022	
	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract
Women	360	93	373	103	427	55
Men	244	60	240	87	262	43
Total	604	153	613	190	689	98
Percentage	80%	20%	76%	24%	88%	12%

Table 10: Total number of employees by type of employment contract and gender

	EMPLOYEES BY CONTRACT TYPE					
	2020		2021		2022	
	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract
< 30 years	82	51	69	56	81	34
30-50 years	459	94	473	122	529	51
>50 years	63	8	71	12	87	5
Total	604	153	613	190	697	90
Percentage	80%	20%	76%	24%	88%	21%

Table 11: Total number of employees by contract type and age

	EMPLOYEES BY CONTRACT TYPE					
	2020		2021		2022	
	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract	Indefinite contract	Fixed-term contract
Senior Mgmt.	3	-	3	-	4	0
Management	17	-	16	1	18	2
Leadership	27	1	31	-	33	0
Middle Management	38	2	41	3	56	3
Others	519	150	522	186	574	97
Total	604	153	613	190	685	102
Percentage	80%	20%	76%	24%	88%	12%

Table 12: Total number of employees by contract type and professional category

In 2022 a total number of 41 dismissals took place in the organisation (15 women and 26 men), of which 10 persons were in the age range of <30, 25 in 30-50, and 6 in >50. None of the dismissed persons belonged to the category of Senior Management, 1 person to the category

of Management, 0 person to the category of Leadership, 3 persons to the category of Middle Management, and 37 to Others.

REMUNERATION POLICY

According to the remuneration policy, the remuneration is generally comprised of a fixed element and a variable part. The **Group** strives to ensure a remuneration based on the equality principle, as it is stated in individual human resource policies of the **subsidiary companies of the Group**.

This commitment is also noticeable in the organisation's Code of Ethics and Conduct, where it is explicitly stated that the **Group** "*promotes equal opportunities between men and women in recruitment, training and promotion of professionals en their working conditions*".

The following table shows the average remuneration of the staff by age, gender and professional category From 2022 on, all the reported salaries, including those of Senior Management and Directors, have been equated to full time and full year and include basic salary and bonuses, comprised of annual bonuses and other wage and salary payments made to the employees. The changes observed in comparison to the previous year are due to the integration of two new companies (Masqluz and ByEnergyc) or to the turnover of staff in certain **subsidiaries**.

	AVERAGE REMUNERATION		
	2020	2021	2022
Women	€24,910.24	€22,767.34	€23,331.55
Men	€33,088.12	€31,944.46	€33,357.04

Table 13: Average remuneration by gender

	AVERAGE REMUNERATION		
	2020	2021	2022
< 30 years	€23,024.93	€18,941.53	€18,853.95
30-50 years	€29,115.68	€28,087.83	€28,190.10
>50 years	€29,613.31	€31,949.94	€31,493.06

Table 14: Average remuneration by age

	AVERAGE REMUNERATION					
	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Management	-	€105,171.65	-	€122,167.87	€109,444.47	€123,852.53
Leadership	€35,299.08	€72,074.28	€39,502.04	€86,254.85	€42,814.52	€76,520.49
Middle Management	€26,093.83	€39,800.81	€31,306.44	€38,555.87	€33,166.05	€32,897.11
Others	€22,949.13	€25,478.60	€19,555.06	€23,732.22	€20,966.01	€23,656.55

Table 15: Average remuneration by professional category and gender

	AVERAGE REMUNERATION OF DIRECTORS AND MANAGERS		
	2020	2021	2022
Senior Management	€109,256	€163,377.67	€142,201.68
Directors	€74,600	€92,000	€136,000

Table 16: Average remuneration of Senior Management and Directors

Furthermore, there is also a flexible remuneration with the purchase of health and dental insurance, and there are certain additional benefits such as special tariffs on electricity and natural gas for the employees. Currently, the **Group** does not have its own pension plan.

Audax Renovables is committed to offering better salary conditions to its employees. The average ratio of standard entry level wage compared to local minimum wage for the **Group** is 1.55[23] In Spain the ratio is 1.09, in the Netherlands it is it is 1.14 and in Hungary it is 1.

PAY GAP

Beyond gathering the remuneration data, the **Group** has calculated its pay gap in order to ensure better monitoring of its commitment to the pay equity, as established in the human resources policies and other documents mentioned before.

The calculation of the pay gap is carried out based on the annual remuneration of the active staff at the end of the fiscal year, according to the following formula:

$$\text{Brecha salarial} = \frac{\text{Remuneraciones medias de Hombres} - \text{Remuneraciones medias de Mujeres}}{\text{Remuneraciones medias de Hombres}}$$

	SENIOR MANAGEMENT	MANAGEMENT	LEADERSHIP	MIDDLE MANAGEMENT	OTHERS
SPAIN	65%	-72%	29%	6%	12%
THE NETHERLANDS	N/A.	N/A.	N/A.	-16%	19%
ITALY	N/A.	N/A.	9%	6%	4%
POLAND	N/A.	43%	N/A.	N/A.	1%
GERMANY	N/A.	N/A.	N/A.	N/A.	5%
PORTUGAL	N/A.	N/A.	N/A.	-10%	4%
HUNGARY	N/A.	N/A.	35%	N/A.	21%

Table 17: Pay gap by professional category and country

According to the methodology indicated before, the global pay gap of the **Group** is of 30.1% (44.1% in leadership, -0.1% in middle management, and 11.4% in the category of others)[24]

[23]The calculation of the ratio is based on data of Spain, the Netherlands and Hungary.
[24] The information on pay gap in the category of Senior Management and Management is not presented due to confidentiality reasons, because in such categories the number of women is 2 or fewer, therefore showing the pay gap in conjunction with the data on the salaries of men (previous table) would allow to get to know their annual remuneration.

TRAINING

As previously mentioned, the **Group** is aware that success is the result of the work, commitment and professional skills of its team. Therefore it is committed to promote policies and schemes of talent retention and professional development directed to its employees.

Audax Renovables acknowledges that the employees are the company's paramount value and, therefore, evaluates and tries to cater for their needs. In 2022 the **Group** continued offering a programme of continuing training in order to ensure that the staff had the opportunity of personal and professional development.

In 2022 the following courses were conducted:

- **English:** The number of participants of these courses increases, currently around 60 employees have individual or group English lessons of 1h or 2h a week.
- **Cyber security, Forensic Analysis and Ethical hacking:** The system team has organised special courses on IT security.
- **Courses on ORP (Occupational Risk Prevention) in the construction sector:** The Efficiency team has been offered basic training in the necessary prevention matters in the construction sector. Necessary training to be able to go to the construction site.
- **Master in Technology Management (2022-23):** The head of the Intranet department has been conducting this 9-month master course, designed to enable the ICT experts to lead the company's digital transformation, managing and directing the implementation and development of new technologies.

The programme of continuing training in the subsidiaries is not limited to the obligatory training, but is aimed at including the specific needs of the employees.

For example, the **Polish subsidiary** provides quality active training organising internal courses on updated information about the company's products and activities, as well as courses on occupational risk prevention, courses on data protection law, on how to work with confidential documents, among others. In addition to the obligatory courses, there are language courses during work hours in the same company.

The **Hungarian subsidiary** has an annual budget assigned to the training and development of its employees, which covers the obligatory training as well as the courses designed to develop new professional skills. In this regard, it should be mentioned that training in this subsidiary includes subjects such as team working or special courses for sales representatives.

The **Italian subsidiary**, in turn, assigns a fixed budget for training in order to provide its employees with new professional skills and acquired knowledge about regulatory and legislative changes. There are also seminars on subjects related to compliance, privacy, audit and finance.

Another good practice which should be pointed out has been implemented in the **Unieléctrica** subsidiary, where they prepare an annual plan of training needs taking into account corporate strategic training, career plans and the evaluation of needs. During the present year in Unieléctrica there were internal and external courses focused on developing the expertise in the electric market, occupational risk prevention and improvement of sales efficiency.

In 2022 the Group invested a total amount of €90,860.53 in training.

The following table shows the total number of hours of training of the employees by professional category:

	HOURS OF TRAINING		
	2020[25]	2021[26]	2022[27]
Senior Management	43	55	70
Management	250	166	1,032
Leadership	437	318	845
Middle Management	713	221	678
Others	3,733	5,916	11,742
Total	5,176	6,676	14,366

Table 18: Total number of hours of training by professional category

For 2023 the intention is to continue increasing the investment in training, offering specific courses to various areas of the business, prioritised according to the needs of the employees.

RECONCILIATION OF PERSONAL, PROFESSIONAL AND FAMILY LIFE

The **Group** is strongly committed to respect the personal and family life of all persons who belong to it. Consequently, it implements reconciliation programmes, which support the distribution between professional and personal time, such as flexible working hours (whenever it is possible according to the type of work) and working time reduction (at the employees' request).

The following table shows the typology of working day according to gender, age group and professional category, which confirms the flexibility as differential value.

	EMPLOYEES BY TYPE OF WORK TIME					
	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	384	69	402	74	406	79
Men	276	28	306	21	284	18
Total	660	97	708	95	690	97
Percentage	87%	13%	88%	12%	88%	12%

Table 19: Total number of employees by workday type and gender

[25] This figure refers to Audax Renovables, Unieléctrica, and the Portuguese, Italian, Dutch, German and Hungarian subsidiaries. The increase in hours of training is the result of the commitment to online training as well as the improvement of the reporting system.
[26] This data refers to Audax Renovables, Unieléctrica, Masqluz, the Dutch, Hungarian and Italian subsidiaries
[27] The data of 2022 refer to Audax Renovables, Unieléctrica, Masqluz, the Dutch, Hungarian and Italian subsidiaries.

	EMPLOYEES BY TYPE OF WORK TIME					
	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
< 30 years	111	22	112	13	100	15
30-50 years	490	63	525	70	511	69
>50 years	59	12	71	12	79	13
Total	660	97	708	95	690	97
Percentage	87%	13%	88%	12%	88%	12%

Table 20: Total number of employees by workday type and age

	EMPLOYEES BY TYPE OF WORK TIME					
	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Senior Management	3	-	3	-	4	0
Management	17	-	17	-	20	0
Leadership	27	1	29	2	31	1
Middle Management	36	4	38	6	52	7
Others	577	92	621	87	583	89
Total	660	97	708	95	690	97
Percentage	87%	13%	88%	12%	88%	12%

Table 21: Total number of employees by workday type and professional category

As an illustration of the **Group's** commitment to reconciliation and flexibility, and beyond compliance with applicable local regulations, working hours are established according to the season. For example, in the **Dutch, Polish** and **German subsidiaries**, the organisation offers flexible hours schedule, which allows employees to start the workday between 07:30 and 09:00 a.m. and finish between 4 and 5:30 p.m. In the **Hungarian subsidiary** the schedule is flexible between 6:00 a.m. and 6:00 p.m., with five fixed hours between 9:00 a.m. and 2:00 p.m.

In the case of **Audax Renovables,** the working hours are usually from 8:30 a.m. to 5:30 p.m., except for the SAC (Customer Service), which has different schedule in order to cover the time range between 9:00 a.m. and 7:00 p.m. In **Unieléctrica**, the working hours from Monday to Thursday are 8:30 a.m. to 2:30 p.m. and 4:15 p.m. to 6:30 p.m. and Friday afternoons are free of work on a rotation basis. The organisation also sets summer working hours in July and August by promoting intensive work day.

As in the previous year, the organisation continued promoting flexible hours in order to improve work-life balance of its employees in this extraordinary situation.

Audax Renovables implements policies of reconciliation of work, private and family life and adopts various measures to guarantee the health and safety of the working environment. The most recent is the implementation of a remote work system, in a blended mode applicable to those employees whose responsibility areas and/or tasks are adaptable to this work mode. The employees may opt for this mode by signing the Teleworking Agreement.

On the other hand, in all companies the rest time is determined by the specific collective agreement subject to the local applicable regulations.

Finally, in regard to switching off from work, the organisation has implemented various measures in this regard, such as not calling meetings at certain hours, and, in the specific case

of **Unieléctrica**, sales coaches are not obliged to answer phone calls outside their working hours.

Lastly, it should be noted that 100% of employees in Spain, Italy and Portugal are covered by collective agreements. In Hungary this figure is 98%. On the other hand, the Netherlands, Poland and Germany do not have these collective bargaining agreements.

The minimum term for operational changes continues to be the one established in applicable law.

4.2 Diversity, equal opportunities and non-discrimination

The **Audax Group** is firmly committed to equality of treatment and opportunities, as well as to diversity. As an illustration of this commitment, there are various schemes and procedures, whose objective is to prevent and mitigate any discriminatory situation or a threat to the dignity of the persons who comprise the **Group**.

Together with the introduction in 2020 of the first Internal Equality Plan, an analysis was carried out and action plan was prepared to achieve equality of opportunities for men and women, and based on those documents specific actions were designed to be implemented in the following areas:

- Organizational culture and management
- Working conditions
- Access to the organisation
- Internal and/or continuous learning
- Promotion and/or career development
- First-aid measures
- Remuneration
- Working time and co-responsibility
- Gender-neutral communication
- Health and safety in the workplace
- Prevention of and reaction to sexual and gender harassment

The priority measures, of which some have already been implemented and appear in the **Group's** structure at the end of 2021, are as follows:

- An internal labour market on the Employee Portal, which provides the same opportunities for both genders, implemented in 2020.
- Promotion of equality of women and men in all departments. In this regard, at the management level, the company integrated in 2021 two women into its superior governing body. Therefore, the incorporation of female talent, which is in line with the best practices of good governance, is reflected in the composition of the Board of Directors, and places the female participation at 33% of the total number of members of the Board.
- A plan for the improvement of the internal communication, which highlights the importance of using non-sexist and inclusive language.

Also in accordance with the Equality Plan, the **Equality Committee** has been set up, comprised of 6 persons from the staff, and is responsible for supervising the compliance with the equality of treatment and opportunities principle within the organisation, ensuring the fulfilment of the plan and its actions within the proposed deadlines, organising follow-up meetings and

encouraging new awareness-raising actions and measures. All these functions are outlined in the **Regulations of the Equal Opportunities Committee**.

According to the **Group's** commitment to bolster equality within the organisation, during the employment procedures the inclusion of diverse collectives is promoted. With this regard, in 2022 the total number of employees with disability is 10.

Moreover, as a part of the Equality Plan, and given that the **Group** explicitly rejects any forms of harassment, it has drawn up the **Harassment Protocol**. Apart from the definition applied within **Audax Renovables** of the term of workplace harassment, the document specifies also a procedure for complaints which may be received through the Group's Whistleblowing Channel. In this regard, the company promotes the use of the Whistleblowing Channel as a means of secure and confidential communication available to all the employees, and works towards ensuring compliance with its policies of conduct.

All the documents mentioned before are made available to the employees on the Employee Portal, and relevant information has been sent by email.

Notably, the **Dutch subsidiary** has implemented various measures designed to prevent any possible discriminatory conduct: the organisation has designated two employees as "**Confidential Advisers**". Their role is to offer advice to the employees who experience undesirable behaviour from others, such as bullying, discrimination, aggression, violence or sexual harassment. All conversations between the employees and the advisers are entirely confidential and private. The confidant shall advise and guide the employee offering an explanation of every possible option, so that the employee may adopt the best measure based on the advice received.

It is also worth mentioning that **Unieléctrica** has information cards with the descriptions of work posts, aiming to promote equality in the organisation in all its dimensions, and helping to reduce the possibility of any kind of biased approach. At the same time, the Human Resources and Labour department of that subsidiary coordinates its work in order to draw up formal documents regarding this matter.

Another means of equality promotion was implemented in the **Hungarian subsidiary** in the form of the so called maternity coordination task. It has been designed in response to the reality of the country, where mothers have the possibility of staying at home with the child for up to three years. Coordination tasks were implemented in order to allow these women to stay in touch with the team and get up-to-date information on the changes and/or news in the organisation.

Lastly, the **Group** strives to guarantee workspace accessible for disabled persons, in compliance with current legislation, and has entrance ramps, lifts and other facilities. Since 2020 **Audax Renovables** has the new headquarters in Badalona, which also has all the accessibility measures implemented in order to ensure universal access to all its facilities.

4.3 Workplace health and safety conditions

Paying utmost attention to the health and safety of all staff members is another essential aspect of the **Group's** management.

In 2022 the use of those necessary measures has continued in order to guarantee security, health and work-life balance of all the staff during the lockdown periods, and were adapted to the needs arising from the situation of the pandemic.

Some of the implemented measures, which confirm the **Group's** commitment to continuing improvement of the staff's health and safety, are specified below:

- The organisation offers training on the subject of occupational risk prevention.
- Each year an analysis is conducted of accidents at work occurred in the **Group**, if there are any, in order to enable the implementation of prevention programmes. Moreover, as many of the jobs are office jobs, the main risks identified are of postural nature; for this reason, close cooperation with ASPY has been established in order to publish documents and leaflets explaining those risks to the employees and advising appropriate precautionary measures in order to prevent them. Additionally, **Audax Renovables** carries out specific health surveillance for Senior Management, including a complete yearly medical check-up.
- With the support of the Occupational Risk Prevention services of Aspy Prevención, **Audax Renovables** and **Unieléctrica** have been able to evaluate the occupational risks to which the employees are exposed (both in general and in their work stations). On the grounds of that study, necessary preventive measures have been established in order to eliminate or control each and every identified risk.
- The **Dutch subsidiary**, together with Preventix (a company hired for the purpose of Occupational Risk Prevention), draws up a document containing a checklist of various inspections carried out throughout the year and their result.
- Furthermore, **Audax Energia**, the Italian subsidiary, has another prevention service at its disposal and has implemented a formal protocol of occupational risk management, where the role of every individual participant involved in the prevention system is specified. There are management guidelines for emergency situations as well as for identification and evaluation of the risks to which members of the staff are exposed. Moreover, there is an external consultant providing assistance in the management of the health and safety in the workplace matters.
- The **Hungarian subsidiary** has an ISO 45001 certificate of occupational health and safety.
- Lastly, in various subsidiaries the employees are offered the option of purchasing health and dental insurance as part of their flexible remuneration.
- In addition to that, information cards have been drawn up describing work posts[28] and detailing technical and personal requirements to be met in order to assume a particular work post within the **Group**.

[28]Unieléctrica is the subsidiary, which has developed those information cards with work posts description. The Netherlands has a document specifying vacancies and the requirements for each of them.

MAIN FIGURES RELATED TO ACCIDENT RATES

The aim of the implementation of all these measures is to reduce to the minimum the accidents at work. In 2022 the number of accidents with sick leave and the number of days lost due to accidents with sick leave decreased considerably. However, during this year the number of hours of absenteeism increased by 136%.

	ACCIDENT RATES[29]					
	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
No. of work accidents with sick leave	17	3	11	4	1	2
No. of days lost due to work accidents with sick leave	359	11	160	19	44	16
Frequency rate	38.94	10.19	8.74	9.43	33.83	7.72
Severity rate	0.82	0.03	0.35	0.06	0.03	0.01
Hours of absenteeism[30]	50,944		58,073		137,437	

Table 22: *Number of work accidents, days lost, frequency rate and severity rate and hours of absenteeism*

The calculation of accident rates by gender is done using the following formulas:

$$\text{Frequency Rate} = \frac{\text{Number of work accidents with sick leave x } 10^6}{\text{Actual hours worked}}$$

$$\text{Severity rate} = \frac{\text{Days lost due to work accidents with sick leave x}}{\text{Actual hours worked}}$$

[29] There were no occupational diseases during the three years disclosed in the accident rates table.
[30] The reported hours of absenteeism include the hours or work lost because of sick leaves due to work accidents and common contingencies.

4.4 Social responsibility

The **Group's** SDG commitment has made it understand that its business activity is in constant relation with the environment and requires responsible behaviour.

For this purpose, **Audax Renovables** cooperates with various non-profit organisation, which promote protection of children at risk of social exclusion, research, respect for animals, sport or combating diseases.

The **Group** encourages the employees to take part in various activities carried out within the framework outlined before. Therefore, since 2017, internal mechanisms have been implemented in order to allow all the employees to suggest and vote for the organisations which which they want to cooperate.

The employees can suggest any non-profit association or NGO which operates on national or local level within the scope of issues such as assistance and help to marginalised communities or groups at risk, defence of human rights, defence and protection of animals or the natural environment, as well as others. Subsequently, the employees can vote to choose three entities with which they want to cooperate throughout the year.

In 2022 and regularly in the recent years, the organisation has made donations to cover the purchase of charitable products to associations and non-profit entities.

Audax Renovables has contributed to the following entities:

- **Asociación La Lucha de Abril**
- **Mossos de Esquadra de Barcelona**
- **Asociación Pídeme la Luna**
- **Save the Childern**

As regards to **Unieléctrica,** in 2022 the subsidiary has cooperated with the following entities:

- **Banco de alimentos Medina Azahara de Córdoba**
- **Asociación Síndrome de Down de Córdoba**
- **Hermandad y Cofradía de Nuestro Padre Jesús de la Oración en el Huerto**
- **Obispado de Córdoba**
- **Asociación de Obra Social Granada Figueroa**
- **Fundación FEPAMIC**
- **Asociación Autismo de Córdoba**
- **Fundació COMTAL**

The organisation's Corporate Code of Ethics and Conduct states specifically that any connection, affiliation or cooperation of the employees with political parties must be carried out in such a way as to highlight its personal character and avoid any connection with the **Group**.

Another example of the **Group's** commitment in this area is its affiliation to such entities, as:

Audax Renovables:

- **AEE** (Association of Wind Energy Companies)
- **UNEF** (Spanish Photovoltaic Union)
- **EOLICCAT** (Catalan Wind Energy Association)
- **ASNEF** (National Association of Credit Finance Institutions)

Unieléctrica:

- **ASNEF** (National Association of Credit Finance Institutions)
- **ANESE** (Association of Energy Services Companies)

- **A3E** (Association of Energy Efficiency Companies)
- **CECO** (Confederation of Companies of Córdoba)

Dutch subsidiary:

- **Energie Nederland**
- **NEDU** (Nederlandse EnergieDataUitwisseling)

Italian subsidiary:

- **Camera di Commercio di Spagna in Italia**

Hungarian subsidiary:

- **MEKSZ / HETA** (Hungarian Energy Traders' Association)

No operation of significant impact on local community has been identified, nor has the indirect economic impact derived from its activity been quantified.

However, the organisation is highly aware of a possible impact which its activities may have on local communities and areas. An example of this awareness is the construction of the wind farm in Panama, commenced in 2018 and completed in 2022, which has been carried out in compliance with the Equator Principles for strict managing of social and environmental risk and health and safety. Although the plant is not located in an indigenous population area, but it is in a region of biodiversity. Therefore, research on bird migration was conducted and a plan for environmental, social and water monitoring has been drawn up, which outlines the means of wildlife rescues, if necessary, among others. The entire construction of the wind farm has been carried out under the supervision of an external consultant.

5 Corporate Governance

5.1 Governance model

Audax Renovables is committed to achieve solid and clearly defined corporate governance, which will allow the company to act with transparency and create long term value for all the stakeholders belonging to the organisation.

All the information related to the functioning, responsibilities and conduct rules of the governing bodies can be found in the Regulations of the Board of Directors published on our website: https://www.audaxrenovables.com/en/corporate-governance/

For the purpose of everyday operation, there various corporate departments, among others, such as internal auditor, human resources, finance, risks, operations, sustainability and natural environment, commercial, invoicing, suppliers, customer service or system support, which have specific functions and report directly to the organisation's management.

5.2 Governing bodies

As a listed company, we have a governance model which is comprised of the following bodies:

BOARD OF DIRECTORS

The principal mission of the Board of Directors is to guide, manage and represent the Company within the scope of activities featured in its objects, to define the general strategy and indicate the guidelines for its management, while being committed to the transparency and veracity of the information of the Company in its relations with the shareholders and the markets in general.

The Board of Directors of **Audax Renovables** is comprised of the chairman, five members (two of those women) and a non-member female secretary.

AUDIT COMMITTEE

Among others, the Audit Committee is dedicated to supervise the efficacy of the Company's internal control, internal audit and risk management systems; to refer to the General Meeting of Shareholders the issues raised by the shareholders; to oversee the preparation and submission of the required financial information; and to refer proposals to the Board of Directors.

This committee is comprised of a chairman and two members (one of which female).

APPOINTMENTS AND REMUNERATION COMMITTEE

The Committee's principal responsibilities involve evaluation of the skills, knowledge and experience necessary for the Board of Directors, to suggest to the Board of Directors the directors and senior management's remuneration policy, and to submit to the Board the proposals to appoint directors.

At the end of the year, the company incorporated the position of Sustainability and Environment Manager, reporting directly, from the organisational point of view, to the Appointments and Remuneration Committee. The Manager shall report periodically on the performance of the company in SDG matters.

Currently, this committee is comprised of a chairman and two members (one of which female).

CRIMINAL COMPLIANCE COMMITTEE

It is the body responsible for criminal compliance within the organisation, with three main objectives: crime prevention, detection of criminal conduct, and reaction to such conduct.

Its main tasks involve promoting the compliance culture, ensuring the awareness of the values and ethical principles of the Corporate Code of Ethics, implementing appropriate training programmes, supervising the functions and monitoring the Compliance and Criminal Risk Prevention Model, or assessment to the Senior Management. It is also responsible for the management of the cases of complaints submitted by any member of the organisation through the Whistleblowing Channel.

The Committee was established on 12 November 2019 and currently is comprised of four members from different departments of the organisation, two of them women.

EQUALITY COMMITTEE

The Committee's goal is to supervise the compliance with the principle of equal opportunities and non-discrimination of women and men within the **Group**, as well as to draw up, modify and implement the Equality Plan and raise the organisation's awareness of the importance of eliminating discriminatory conduct. The Equality Committee is made up of 3 representatives of the company and 3 legal representatives of the employees.

5.3 System of Regulatory Compliance

- **Corporate Code of Ethics and Conduct** of **Audax Renovables** and its subsidiary companies: updated in 2020, this document's purpose is to make known to all employees of the **Group** the values and principles which ought to govern their work and professional activity. Another objective of the document is to help attain the goals set in the organisation's mission, vision and values.
    - The Code of Ethics contains, among others, the recommendations of good governance, of general recognition in the international markets, as well as the principles of social responsibility, such as the respect of fundamental rights and ethical commitments towards the environment and the suppliers.
- **Disciplinary Rules and Sanctions – Corporate Code of Ethics and Conduct** of **Audax Renovables** and its subsidiary companies: a supplement to the Code of Ethics and Conduct, which sets out the disciplinary proceedings for non-compliance with the principles and actions outlined in the Corporate Code of Ethics and Conduct.

The sanctions system featured in the collective agreement will also be applicable, together with the Spanish civil and criminal laws in force.

- **Criminal Compliance Committee**. It is the body responsible for the criminal compliance of the Company, as described with more detail in section 5.2 hereof.
- ***Compliance Officer***. As a result of the implemented Compliance Model, the post of Compliance Officer has been defined and created in various **subsidiary companies**, being responsible for implementing the Model in all the subsidiaries belonging to the Company, reporting to and always relying on the Criminal Compliance Committee.
- **Regulations of the Criminal Compliance Committee**. Developed by the Criminal Compliance Committee itself and approved by the Audit Committee and the Board of Directors, the regulations determine the principles governing the Committee's activity and its internal organisation.

- ***Compliance and Criminal Risk Prevention Handbook*** of **Audax Renovables** and its integrated companies: this document represents a firm commitment to supervising the compliance carried out by the Group of the management and prevention of criminal risks, which could affect it according to its activity and business sector, and especially after the consecutive amendments to the Spanish Criminal Code, the guidelines established in this aspect by the Spanish Public Prosecutor's Office and the ethical principles of corporate good governance.

- **Compliance and Criminal Risk Prevention Policy**. Within the framework of the Compliance Handbook mentioned before and in line with the Code of Ethics, the policy informs **Audax Renovables'** personnel and third parties of the organisation's opposition to the commitment of any illicit, criminal or unlawful act.

- **Whistleblowing Channel**. It is a tool made available to any person belonging to the organisation, in order to enable them to make enquiries or report irregularities. The enquiries and reports can be submitted preferably through a platform designed for this purpose, accessed from the Employee Portal as well as through the following link https://audax.whistleblowernetwork.net.

- **Whistleblowing Channel Regulations**. The document is designed to regulate the actions and steps undertaken by the Criminal Compliance Committee as the body responsible for the management of the Whistleblowing Channel when processing the enquiries and reports received, as well the management of the rights and obligations of the persons who use it, guaranteeing the anonymity of the reports and confidentiality of the whistleblower.

For the purpose of overseeing the implementation of and compliance with all these documents, among other objectives, the **Group** has established the **Audit Committee,** a delegated body of the Board of Directors. Moreover, the Internal Audit Department of **Audax Renovables** draws up annually the Audit Plan, detailing the tasks to be carried out throughout the year.

Likewise, as a result of this regulatory compliance process, the **Group** will endeavour to establish the basis of special training on the Compliance Model for the prevention and detection of criminal offences, which started in January 2022 and will continue throughout 2023. The training capsules carried out throughout 2022 have covered, among others, the topics related to corruption, bribery, money laundering, the whistleblowing channel and offences against natural resources and against workers' rights.

Audax Renovables continues implementing and updating the Compliance Model in the parent company as well as in its subsidiaries, and organising subsequent informational meetings in order to implement it in all the subsidiaries.

Additionally to the application of those documents, Unieléctrica has its own **Code of Good Practice and Code of Criminal Conduct**. The following obligations defined in the Code of Conduct should be emphasised: compliance with applicable law and internal regulations; integrity, honesty and objectivity in business operations; respect for persons and protection of health and physical integrity.

The **Hungarian subsidiary** of the Company currently pursues various policies on access to financial systems.

In 2022 Audax Renovables did not receive any fines for non-compliance with the law or regulations in social and economic field.

Moreover, this year ten obligatory training sessions on *Compliance* were conducted for all the employees featuring the following subjects:

1. What is *Compliance*;
2. Elements of the model;
3. Whistleblowing channel;
4. Corruption;
5. Embezzlement, trade secret, personal and family privacy, intellectual property and industrial property crimes;
6. Crimes against spatial planning, natural resources, ionizing radiation and explosives;
7. Crimes against Public Treasury, breach of accounting duties, money laundering, punishable insolvency, impeding execution in bankruptcy, and smuggling;
8. Crimes against public health, crimes against workers and crimes against the rights of foreign citizens;
9. Crimes against Social Security; obstruction of inspection; subsidy fraud;
10. Price fixing, stock crimes, price manipulation and crimes against public health.

5.4 Fight against corruption and bribery

In recent years corruption has become a global problem, which not only stifles the economy and the markets, but also hinders the appropriate allocation of existing public resources, thus being one of the main obstacles to the social and economic development. Therefore the **Group** pays special attention to corruption and bribery offences, as well as to any and all corruption-related risks and the results of changes in applicable legislation. **Audax** is part of the United Nations Global Compact and in its adherence to the tenth principle it makes every effort to continue its commitment to fight against corruption in all its forms. The organisation rejects the use of any practices, offers or requests of illicit payments, monetary or otherwise, for the purpose of obtaining benefits in its relations with the interested parties.

The Code of Ethics features a commitment to the rules of transparency and business ethics and extends it to its suppliers. In order to prevent any form of corruption and bribery, **Audax Renovables** has the following documents and measures available: Code of Ethics, client acquisition procedures, contract validation handbook, bank reconciliation, delivery contract model, dissemination of public administrations delivery contract terms, public administrations proceedings, cash and bank accounts management, digital certificates of electricity and gas purchases, forecasts of income from energy retailing and price hedging contracts. Those documents establish the company's key procedures for mitigating risk of bad conduct of its employees.

Due to a case of professional negligence in the **Polish subsidiary**, the **Group's** Management decided in 2021 to appoint a new person in charge of that subsidiary. Moreover, and as a measure to improve the control environment, it decided to accelerate the process of implementation of the Internal Control over Financial Reporting System, in line with the rest of the **subsidiaries of the Group**.

During this year efforts were made to raise employee awareness regarding *Compliance* with particular emphasis placed upon one of the mandatory training sessions provided to all the employees, as specified in section 5.3 hereof, whose main objective was to impress upon the employees the importance of the zero tolerance policy towards corruption and bribery.

5.5 Respect for human rights

Audax Renovables strives to promote respect for fundamental human and workers' rights. According to the Code of Ethics, the **Group** undertakes to respect, in all its activities, the fundamental rights and civil liberties recognised by national and international agreements and legal systems of the countries where it operates. This commitment is fulfilled primarily through respect for human dignity. Consequently, the employees should discharge their duties with full respect for and guarantee of the human rights and civil liberties, as well as their commitment to diversity and inclusivity.

Likewise, the **Group** undertakes to respect and recognise the freedom of association and collective bargaining power.

As part of the organisation's commitment towards diversity and inclusivity, it has great respect for, among others, the rights of ethnic minorities or groups at risk of social exclusion in the places where it conducts its business activity.

In line with its commitment to guaranteeing respect for human rights in all the **Group's** activities, there are several documents, which comply with the Ten Principles of the United Nations Global Compact as well as with the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation.

For example, **Audax Renovables** has promoted various actions in order to ensure compliance with Principle 1[31] of the Guiding Principles of Global Compact:

- The 2021 update of the Corporate Code of Ethics and Conduct, whose acceptance is obligatory for each and every employee, to whom the Code is applicable[32]. This document outlines, for example, the organisation's commitment to the respect for fundamental rights, equal opportunities, diversity and non-discrimination, the right to privacy, harassment prevention, as well as respect for all matters related to health and safety in the workplace. This way the organisation ensures compliance with the fundamental human and labour rights in all its activities.

  It should be mentioned that all employees must declare their commitment to the principles of the Corporate Code of Ethics and Conduct, which is a part of the *Welcome Pack* received by each employee at onboarding in the company.

- The existence of the Whistleblowing Channel, a mechanism designed for the purpose of reporting types of conduct which might entail human rights violation.

[31]Principle 1: "Businesses should support and respect the protection of internationally proclaimed human rights within their scope of influence".
[32] The scope of the Corporate Code of Ethics and Conduct includes, by now, Audax Renovables and subsidiary companies (listed company).

- The organisation's Harassment Protocol is aimed at keeping the work environment free of any conduct susceptible to being construed as harassment or bullying in the workplace, thus promoting preventing measures against such types of conduct.
- Policy promoting reconciliation of work, private and family life.
- **Audax Renovables** focuses its attention on Principle 2[33] of the Guiding Principles, extending its commitment to promote human rights among its suppliers. However, it should be mentioned that, due to the **Group's** activity, usually there is no direct risk related to human rights abuse by its suppliers.

The subsidiary company **Unieléctrica** has implemented a code of criminal conduct, which contains a section on human rights and makes reference to the integrity, honesty, respect for the persons and objectivity in business operations.

The **Group** is committed to the following labour principles in accordance with the fundamental conventions of the International Labour Organisation:

- Support freedom of association and effective recognition of the right to collective bargaining.
- Support elimination of all forms of forced or obligatory labour.
- Support effective abolition of child labour.
- Support elimination of discrimination in employment and occupation.

In 2022 the Group did not carry out special training on Human Rights issues.

5.6 Whistleblowing channel

The need to protect the good reputation and prestige of the organisation requires that all its employees, when acting on behalf of **Audax Renovables**, comply at all times with applicable legislation, the Corporate Code of Ethics and Conduct and applicable internal policies and procedures.

For the purpose of detection of behaviours which contravene the above, and as stated in previous chapters, **Audax** makes available to its employees the Whistleblowing Channel, meant for any member of the organisation to report the conduct which they consider to be a possible breach of law by other employees or third parties, and which occurs within the framework of their employment contract with the company, as well as to facilitate the communication of any irregularity and/or make any enquiries on the *Compliance* matters.

The functions of the whistleblowing channel are outlined in the Whistleblowing Channel Regulations. Its objective is to regulate the protocols and actions undertaken by the Criminal Compliance Committee as the ultimate body responsible for its management when processing the enquiries and/or reports received, respecting at all times the fundamental rights and obligations of the persons who use it.

The Whistleblowing Channel of **Audax** is governed by the principles of fair procedure, presumption of innocence, proportionality and protection of the whistleblower and/or the affected person, therefore all the reports received are treated with the maximum confidentiality, anonymous reports being allowed at all times.

In 2022 the Whistleblowing Channel received two reports. Both were duly analysed and evaluated by the Criminal Compliance Committee with the assessment of a third person, always with the guarantee of confidentiality, maximum independence and impartiality, as established by the Whistleblowing Channel Regulations. The first one was dismissed and archived, while the

[33]Principle 2: "Businesses should make sure that they are not complicit in human rights abuses".

second one required the implementation of several measures defined by the Human Resources department of the company in cooperation with the Criminal Compliance Committee and an external independent expert, and was also satisfactorily archived, as indicated by the protocols.

The measures defined by the Human Resources department will be implemented in 2023.

The **Group's** constant commitment is to tackle any complaint by reviewing the pertinent measures and possible corrective actions in order to ensure due compliance by the stakeholders.

5.7 Risk Management

The organisation applies also a formal process of risk identification[34] developed by the Internal Audit Department. Within the framework of the new compliance governance model, a new Risk Map was approved in April 2022. The risks identified as relevant have been included in the Audit Plan for 2023 in order to verify the effectiveness of the applied controls.

Additionally, for the purpose of drawing up the Non-financial Information Report a general risk analysis was carried out.

Below is presented a summary of the main identified criminal risks as well as other recognised risks addressed in this report.

- Major risks identified in the area of **Environment**: due to the nature of its business activity, the **Group** is exposed to environmental risks, such as weather conditions of the places where the facilities are located. Another issue considered as risk is the flora and fauna conservation and management as well as appropriate management of the environment and natural resources.

- Major risks identified in the area of **Labour**: this refers to all kinds of risk related to the work post and the activities of all the persons working in the **Group**. At the same time, specialisation, training, talent retention and succession planning are some of the issues to which special weight is attached, because the knowledge and skills of the employees are of the utmost importance for the **Group**. Therefore it is necessary to identify professional needs and establish clear requirements for each work post, as well as to have available a portfolio of candidates whose profiles are potentially suitable for the most popular posts.

- Major risks identified in the area of **Human Rights**: to respect and guarantee compliance with the human rights of all persons belonging to the organisation.

- Major risks identified in the area of **Fight against Corruption and Bribery**[35]**:** risks related to violation of Criminal Code, with special attention given to corruption and bribery offences, as well as the risks related to the possible changes to legislation. In this context**, Audax Renovables** identifies three materialisation variants in the area of public corruption (bribery, influence peddling and corruption of public officials) and corruption in business.

  Accordingly, the **Hungarian, German and Polish subsidiaries** have implemented a system of internal control of the **Group.** The Internal Control for Financial Information (ICFR) systems serve to mitigate the risk of fraud, operational and financial risks, and help prevent corruption and bad conduct of the employees and middle management

[34]The organisation understands risk management to be any future event or contingency which could hamper the Company's ability to successfully meet its business objectives.
[35] This aspect is immaterial to the company, as it is not directly subject to the law. However, the organisation has implemented some simplified measures of due diligence based on the law 10/2010.

executives. The internal control system was validated and tested by an external expert, in this case Deloitte, and involved all the **Group's** subsidiaries with effective results.

The **Hungarian subsidiary** has also a detailed financial process access system and a set of policies available (invoice submission and compensation policies, etc.) which define the access to the financial systems of the company. The activities identified as vulnerable to corruption and bribery risks are subject to control procedures such as payment processes controlled by SAP, reviewing of providers' ratings prior to placing orders, procedures for standardised purchases, closed management processes for collection of payments, commission payment policies, acceptance of electronic only payments and avoidance of cash payments, among others.

Moreover, the Corporate Code of Ethics an Conduct outlines the basic standards of conduct in third party relations (for example, with the suppliers).

- Major risks identified in the area of **Community:** refers to all those risks which may have direct impact on the community, on the supply chain and on the clients.
- Major risks identified in the Economy area: these are risks connected with prices, accounting requirements, money laundering and others.

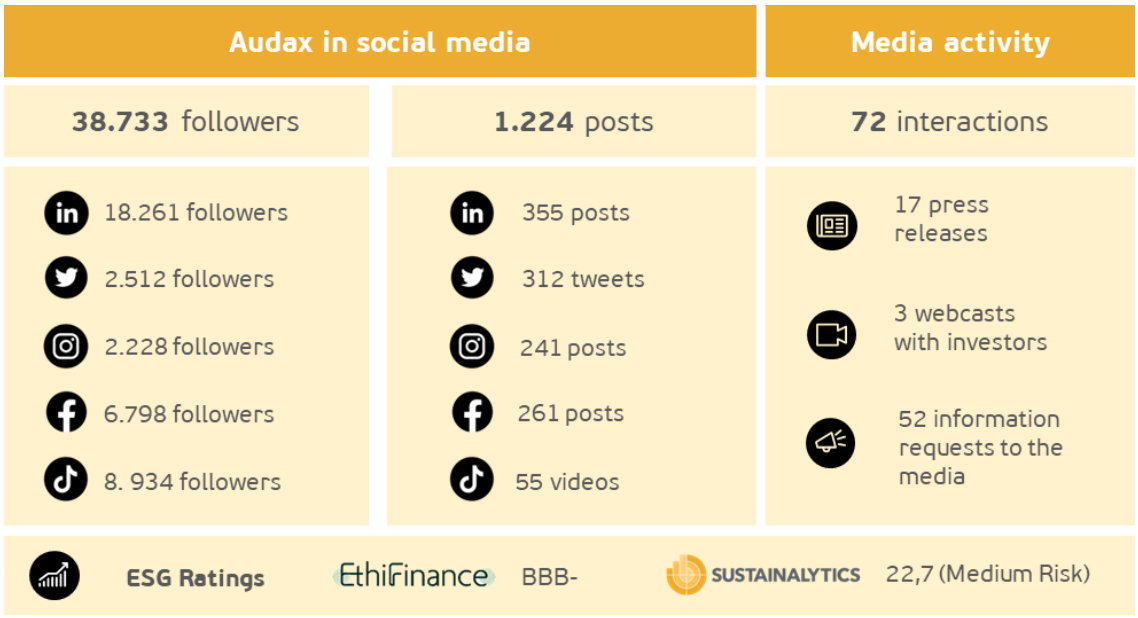
5.8 Transparency and communication

Audax strives to make available to its stakeholders regular and punctual, sufficient and reliable information with regard to the corporate governance model, the regulations of the organisation and the profits obtained. The information is available at: https://www.audaxrenovables.com/en/corporate-governance/

Consequently, the Board of Directors approved in May 2022 the Policy on Communication of Financial, Non-financial and Corporate Information, and on Communication With Shareholders, Institutional Investors and Proxy Advisors. The purpose of this Policy is to establish the principles related to the communication and contact of the organisation with the shareholders, institutional investors and proxy advisors, regulators, creditors and other stakeholders.

This report is further evidence of transparency, and the body responsible for its preparation and presentation is the Audit Committee, also responsible for the economic and financial information published on the corporate website of the **Group**: https://www.audaxrenovables.com/en/shareholders-and-investments/economic-and-financial-information/

Below there is a summary of the communications and interactions with the media and social networks:



5.9 Supply Chain

Audax wants its supplying companies to operate on the basis of the same ethics commitments which it has defined for its own activities. No specific evaluations are made regarding environmental or social matters, but the **Group** pursues the compliance of the Code of Ethics and Conduct throughout its supply chain.

For this reason, the updated Code of Ethics and Conduct features a again section dedicated exclusively to the Ethical Commitment of the Suppliers. The section contains the following statements:

- "The relations with the suppliers shall be governed by the principles of integrity and fairness".
- "The **Group** and its employees shall extend their own values to the suppliers of goods and services".
- "Confidentiality of the suppliers' data shall be protected and legal provisions on personal data protection shall be complied with".
- "The relations with clients and providers shall be based on the highest standards of professionality and transparency".
- "The employees shall avoid any kind of interference or influence of the clients, providers or third parties, which might alter their professional impartiality and objectivity".

In regard to the application of the criteria of social responsibility in the supplying companies, the **Group** endeavours to work with companies of recognised standing.

Audax evaluates the possible risks associated with its supply chain, no negative social impacts having been identified within the **Group's** supply chain, and no transactions or suppliers whose freedom of association or collective bargaining could be at risk throughout 2022. Also, no operations or suppliers have been identified with significant risk of forced, compulsory or child labour.

Moreover, it also prioritises contracting local suppliers[36]. Proof of it is that 88.3% of its annual expense for the year 2022 was spent on that type of suppliers.

5.10 Commitments to the community and stakeholders

The **Group** undertakes to maintain fluent and transparent relations with stakeholders, considering it as essential to understand their main concerns related to the company's activity and the risks to which they might be exposed.

An example of this commitment may be found in the Code of Ethics and Conduct of **Audax Renovables**, which contains an explicit reference to the obligations towards the stakeholders, and constitutes a key pillar of ethical conduct of the persons belonging to the organisation. Some of these commitments are presented below:

- In regard to the **shareholders**, these relations shall be governed by the general principle of transparency and confidentiality. Consequently, there are various channels made available for the purpose of communication and inquiry, such as the Shareholders' Corner on the corporate website: https://www.audaxrenovables.com/en/shareholders-and-investments/shareholders-corner/

- In regard to the **investors and financial analysts**, since Audax Renovables is a listed company, it has implemented the Internal Regulations for Conduct in the Securities Markets. The objective of that document is to protect the investor by promoting transparency rules.

  In order to ensure communication with these stakeholders, apart from other established communication channels, the organisation has created the Investor Relations Management and has an email address (investor.relations@audaxrenovables.com) for shareholders and investors.

- Regarding **authorities, regulatory bodies and public administration**, the Code of Ethics and Conduct states that these relations shall follow the principles of lawfulness, fidelity, reliability, professionalism, cooperation, reciprocity and good faith. Contractual obligations that have been undertaken shall also be fulfilled.

- Lastly, in the case of the **clients**, the **Group** strives and improves constantly the management of the Customer Service Department in order to guarantee high quality and personalised service. Accordingly, in various **subsidiary companies** there are communication channels made available to the clients in order to fulfil this commitment.

Commitment to our clients

The **Group** is aware that its clients are its most valuable asset, and consequently makes available to them various communication mechanisms (website: https://www.audaxrenovables.com/en, postal address, telephone number, generic mail and specific mail for the investors) for the purpose of resolving any issue or complaint. Upon

[36]The organisation uses local suppliers such as supplying companies located in the country where it operates. The calculation of the supplies expense includes all those suppliers registered in the system.

receiving a complaint, the systems puts in operation a procedure[37] designed to resolve any issue which may have arisen in the customer service:

- The request/complaint is registered on the Intranet.
- If the request/complaint is resolved online, it is closed automatically.
- Otherwise, it stays open and the complaints department receives a signal and starts investigating the issue and, when appropriate, takes the necessary measures in order to resolve it.

The following table shows the total number of complaints and/or requests received over the year, resolved and remedied (complaints resolved by offering a solution or alternative option to the client).

	COMPLAINTS AND/OR REQUESTS		
	2020[38]	2021[39]	2022[40]
No. of complaints and/or requests received	26,388	25,888	9,224
No. of complaints and/or requests handled	23,164	20,483	8,949
No. of complaints and/or requests resolved and remedied	23,017	18,433	7,941

Table 20: Number of complaints and/or requests received and resolved

The satisfaction of the clients is a priority, therefore the **Group** considers it to be opportune to focus on those risks which, given its activity, are the most probable to materialise. In this regard, due to the activity of the company, those risks which could be associated with the products and services offered are not considered as applicable. In 2022 the number of complaints decreased because of the reduction of the number of clients. In 2022 the number of complaints decreased mainly because of the reduction of the number of clients.

The method used most frequently by the clients to contact the company is by telephone. After analysing the number of calls and the percentage of calls dropped, the company decided to implement in April a new process in order to avoid the situation when the clients spend a long time waiting. It is called *"Virtual hold"* and offers an option for the client to be called as soon as an operator is available instead of keeping the client holding the line. This measure reduced by 53% the number of received calls, from 175,027 in 2021 to 81,473 in 2022. The percentage of calls dropped also decreased, being this year of 19% approximately.

Audax Renovables has not received any claim deriving from the health and safety of the services of the company. Moreover, the company focuses its efforts on ensuring the security of information of its clients. Therefore, the appropriate measures are adopted in order to ensure the protection and confidentiality of sensitive data provided by the clients for the purpose of using products and services offered to them.

[37] This procedure refers to Audax Renovables.
[38] In 2020 the figure includes the complaints and/or requests received by Audax Renovables, Unieléctrica, the Polish subsidiary, the Dutch subsidiary and the Portuguese subsidiary. In comparison to the previous year, the scope of the two latter companies was increased.
[39] All the complaints specified in the table for the year 2022 refer to the companies Audax Renovables, Unieléctrica and the Portuguese, Polish and Hungarian subsidiaries.
[40] All the complaints specified in the table for the current year refer to the companies Audax Renovables, Unieléctrica and the Portuguese, Polish and Hungarian subsidiaries.

During 2022 a report was received concerning a breach of data privacy, which was admitted to processing and processed through the Spanish Data Protection Agency. After due investigation it was dismissed because no indication of breach was found.

Therefore, the subsidiary **Unieléctrica** has commissioned a specialised firm (Fepamic) to carry out destruction of confidential data, which the company may have obtained in the course of its activities. Fepamic undertakes to issue a Certificate of Destruction which, apart from certifying the compliance with environmental regulations concerning material recycling, guarantees safe destruction of data in absolute confidentiality. Similarly, the **Polish subsidiary** has a Protocol for destruction of used paper and confidential documents, establishing guidelines to be followed in order to avoid the risk of loss and manipulation of sensitive data in possession of the company.

6 Information on social matters

6.1 Tax information

With regard to the tax information it should be noted that the tax policies and practices of **Audax Renovables** are aligned with the latest international standards. The **Group** complies with the tax legislation of the countries where it operates and pays the duly corresponding part in the jurisdictions where it creates value.

In 202 **Audax Renovables** started to pay the corporate income tax in its own tax group[41]. Below we present the tax information on **Audax Renovables** for the fiscal year 2021.

The company Eólica Postolin Sp. z o.o. received non-repayable grants from the EU through the Polish Ministry of Economy for the construction of its wind farm. The received subsidies are recorded in the profit (loss) according to the depreciation of the wind farm[42].

	PROFITS OBTAINED	
	2021	2022
Spain	€-5,979,439	€-180,760
Italy	€657,174	€3,011,550
The Netherlands	€27,096	€3,129,263
Portugal	€-1,234,322	€2,050,780
Poland	€-259,252	€3,150,979
Germany	€-2,216,512	€-6,471,056
France	€869,277	€299,388
Hungary	€6,415,979	€-1,451,293

Table 21: Profit obtained by country

	INCOME TAX 2022[43]	
	2021	2022
Spain	1,769,005.82	4,495,838.03
Italy	0	297,606.00
The Netherlands	1174626	1,746,759.00
Portugal	862798.54	-405,369.00
Poland	536563.3362	729,065.00
Germany	0	0
France	348,704	67,234.00
Hungary	0	0

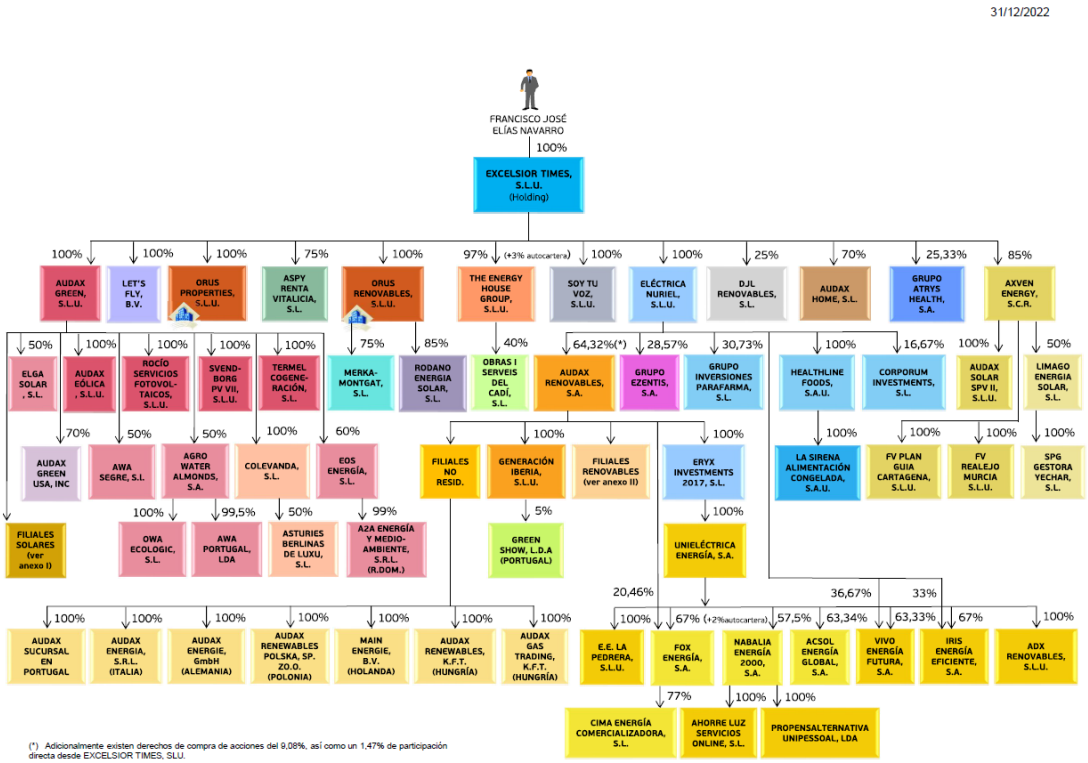
Table 22: Income Tax by country according to the cash criterion

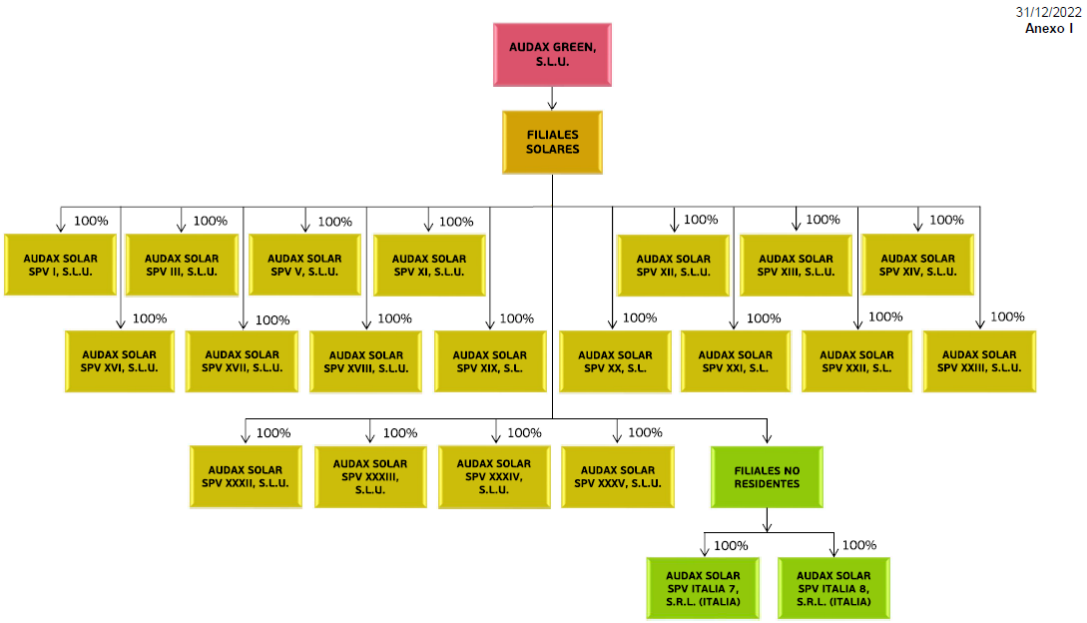
[41] For more information see Note 18 of the Annual Accounts of AUDAX RENOVABLES, S.A and subsidiaries.
[42] For more information see Note 15 of the Annual Accounts of AUDAX RENOVABLES, S.A and subsidiaries.
[43] Historical data of the Income Tax by country for 2021 and 2022 can be accessed in the Annual Accounts of Excelsior..

6.2 Company structure

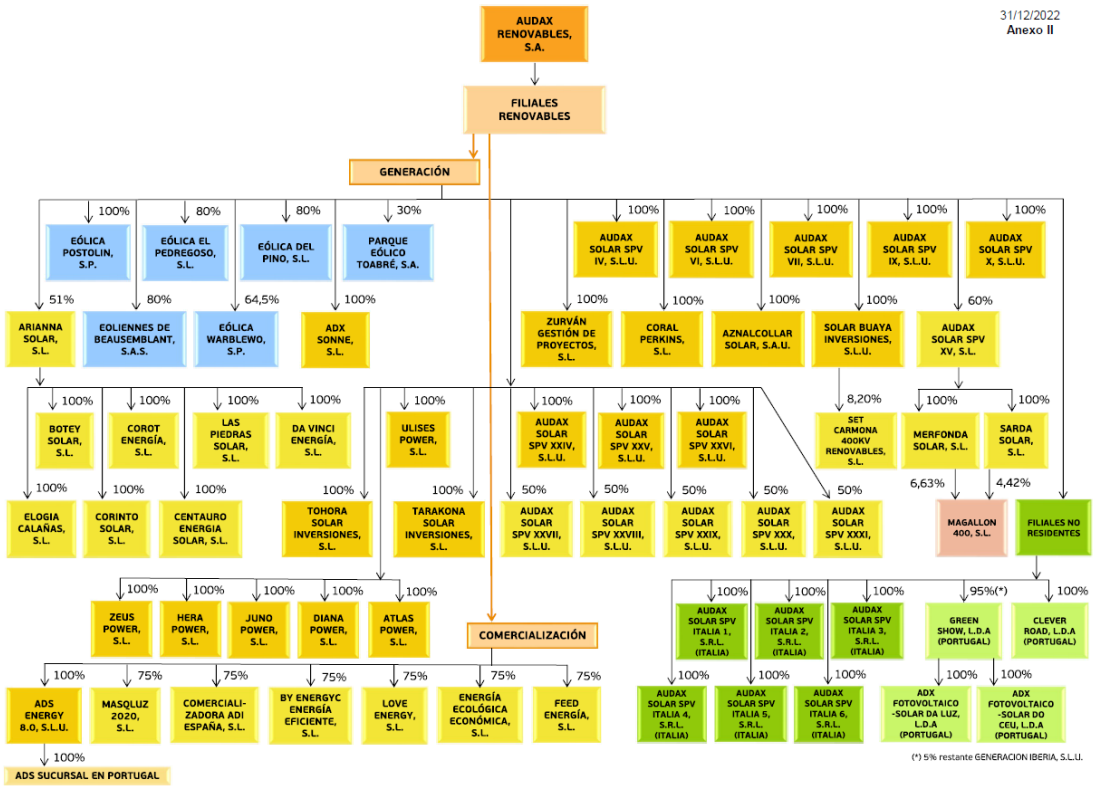
Currently, **Eléctrica Nuriel** is the majority shareholder of **Audax Renovables**, comprising various subsidiary companies, joint ventures and associated businesses, which are included within the scope of this report and add up to an energy group whose business involves generating energy from 100% renewable sources as well as supplying 100% renewable electricity, and gas.

The graphic below shows the corporate structure as at 31 December 2022. It should be noted that neither **Excelsior Times** nor **Eléctrica Nuriel** are featured within the scope of this report.





The following companies are featured within the "renewable subsidiaries", categorised as companies dedicated either to generating or retailing activity:



7 ABOUT THIS REPORT

Basis for drawing up the report

This report features non-financial information of **Audax Renovables** and subsidiaries, hereinafter: "**Audax Renovables**" or "**the Group**", for the year 2021. Through this document, the **Group** responds to the requirements of Non-Financial Reporting and Diversity introduced by the Law 11/2018 of 29 December 2018.

Aligned with the scope of the consolidated annual accounts, this report contains information concerning the following companies[44]:

- Audax Renovables S.A.
- Grupo Eryx – Unieléctrica (includes Unieléctrica and its subsidiaries)
- Audax Renewables Kft (Hungarian subsidiary)
- Main Energie, B.V. (Dutch subsidiary)
- Audax Energía, S.R.L. (Italian subsidiary)
- Audax Energie GmbH (German subsidiary)
- Audax Energia Sp. z o.o. (Polish subsidiary)
- ADS Energy 8.0, S.L. and subsidiaries
- Propensalternativa Unipessoal, LDA (Portuguese subsidiary)
- Generación Iberia S.L. (representation company)
- By Energyc Energía Eficiente, S.L.
- Love Energy, S.L.
- Masqluz 2020, S.L.
- Renewable energy subsidiaries (Generation division)
  - Eólica Del Pino, S.L. (wind division)
  - Eólica El Pedregoso, S.L. (wind division)
  - Eólica Postolin Sp. z o.o.(wind division)
  - Eoliennes de Beausemblant, S.A.S. (wind division)
  - Las Piedras Solar, S.L.U. (solar division)
  - Da Vinci Energía, S.L.U. (solar division)

The following pages furnish information concerning the **Group's** environmental, social, labour or human rights matters, as well as corruption and bribery prevention, following the guidelines specified by Law 11/2018 of 29 December 2018. In regard to every matter the document outlines the policies that are applied and the measures that are undertaken, as well as the risks that arise from the business activity.

The report has been drawn up on the basis of the global sustainability reporting initiative **GRI *(Global Reporting Initiative)*** in its "Standards" version and in its essential option. The principles of the definition of content and quality of the report, defined in the GRI, have also been applied, as well as the principles of comparability, reliability, materiality and relevance established in the Non-Financial Information Act.

Principles taken into account in the definition of the content of the report:

- INCORPORATION OF THE STAKEHOLDERS: once the groups have been identified, the report informs on how their needs and expectations are met.
- SUSTAINABILITY CONTEXT: the organisation's performance is presented in the broadest understanding of the sustainability context.

[44] Should the information provided relate to a different organisational scope other than specified, it will be stated within the pertinent paragraph or table.

- MATERIALITY: the report shows significant economic, environmental and social impacts of the organisation, or those which might substantially influence the stakeholders in their evaluations and decisions.
- THOROUGHNESS: the report includes the coverage and the achievements associated with the identified material aspects, allowing the stakeholders to evaluate the organisation's performance.

Principles taken into account in the definition of the quality of the report:

- PRECISION: the information presented is precise and detailed.
- BALANCE: the report presents both positive and negative aspects of the organisation's performance.
- CLARITY: the information is presented in a way which is comprehensible and accessible to all the stakeholders.
- COMPARABILITY: the information has been selected, compiled and communicated in a coherent manner. The information disclosed is presented in a way that allows the stakeholders to analyse the changes in the organisation's performance and supports the analysis related to other organisations.
- RELIABILITY: the report gathers, registers, compiles, analyses and communicates the information and the processes used in the preparation of the report in order that they may be subject to revision and that they establish the quality and the materiality of the information.
- PUNCTUALITY: the report is drawn up and presented every year, making the information available in time for the stakeholders to make informed decisions.

SCOPE OF THE REPORT

This report presents information concerning the period from 1 January to 31 December 2022, corresponding to the fiscal year of **Audax Renovables**. The historical data shown in some paragraphs correspond to the two previous years.

The financial information included in the report, in accordance with the Law 11/2018 of 29 December, comes from the Consolidated Annual Accounts for the same year (1 January to 31 December 2022).

The reported non-financial information includes companies that were previously mentioned, except for some cases where, due to the particularity of the company, the reported data do not apply. In those cases where the scope differs from the established standard, the companies included in the reported data are specified in the footnote.

Chapter 2: Information on environmental issues

The data reported by **Audax Renovables** in this section refer to the day-to-day operations of its offices. In cases of increase or difference from the established scope, it is specified in the footnotes.

Chapter 3: Information on issues concerning personnel

Audax Renovables includes the data referring to its employees in the last 3 years (2020, 2021 and 2022) itemised, in accordance with the Law 11/2018 of 29 December, by gender (female, male), age bracket (<30, 30-50, >50) and professional category (senior management, management, leadership, middle management, others). Consequently, regarding the indicators included in this section, only the information related to the companies with employees is reported.

APPENDIX I: TABLE OF CONTENTS OF THE LAW 11/2018 AND GRI STANDARDS

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
GENERAL INFORMATION			
Brief description of the group's business model, its business environment, its organisation and structure	Material	7	GRI 2- 6 GRI 2- 9
Markets where it operates	Material	7	GRI 2- 1 GRI 2- 6
Objectives and strategies of the organisation	Material	11-12, 16-20	GRI 2- 1 GRI 2- 22
Main factors and trends, which may affect its future development	Material	11-12, 16-20	GRI 3- 3
Reporting framework used	Material	77-80	GRI 1
Materiality principle	Material	13-16	GRI 3- 1 GRI 3- 2
ENVIRONMENTAL ISSUES			
Policies applied by the group, including due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, as well as verification and control, and the measures that have been adopted	Material	16-20, 27-33	GRI 3- 3
Detailed general information			
Detailed information on current and expected impacts of the company's activities on the environment and, if applicable, on health and safety	Material	27, 49	GRI 3- 3
Environmental assessment or certification procedures	Material	27	GRI 3- 3
Environmental risk prevention means	Material	See Notes to the Annual Accounts	GRI 3- 3
Application of precautionary principle	Material	See Notes to the Annual Accounts	GRI 2- 23
Quantity of environmental risk provisions and guarantees	Material	See Notes to the Annual Accounts	GRI 3- 3 GRI 2- 27
Pollution			
Measures to prevent, reduce or repair emissions seriously affecting the environment, taking into account any form of pollution specific to the	Material	29	GRI 3- 3

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
activity, including noise and light pollution.			
Circular economy and waste prevention and management			
Measures to prevent, recycle, reuse, recover and eliminate waste	Material	30	GRI 306- 1 GRI 306- 3 GRI 306- 4 GRI 306- 5
Actions to combat food waste		Non-material	
Sustainable use of resources			
Water consumption and water supply within local limits	Material	27-29	GRI 303- 1 GRI 303- 5
Raw material consumption and measures adopted to improve material efficiency	Material	27-29	GRI 3- 3 GRI 301- 1
Energy consumption - direct and indirect	Material	27-29	GRI 302- 1
Measures adopted to improve energy efficiency	Material	27-29	GRI 3- 3
Use of renewable energy	Material	27-29	GRI 302- 1
Climate change			
Greenhouse gas emissions generated as a result of the company's activity, including use of goods and services it produces	Material	29	GRI 305-1 GRI 305-2
Measures taken to adapt to the consequences of climate change	Material	29	GRI 3- 3
Medium and long-term voluntary reduction goals to reduce greenhouse gas emissions, and measures adopted for that purpose	Material	29	During 2023 the Group undertakes to define decarbonisation goals
Biodiversity protection			
Measures taken to preserve or restore biodiversity	Material	32	GRI 3- 3
Impacts made by activities or operations on protected areas	Material	27	GRI 3- 3 GRI 304- 2
EU Taxonomy			

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
Regulation (EU) 2020/852 of the European Parliament Delegated Act of the EU Taxonomy (EU) 2021/2139 of the Commission	Material	33-36 Annex II and III	Criterion of the company
SOCIAL ISSUES AND MATTERS CONCERNING PERSONNEL			
Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	36	GRI 3- 3
Employment			
Total number and distribution of employees by country, gender, age, and professional category	Material	37-40	GRI 405- 1
Total number and distribution of types of employment contracts and annual average of indefinite-term contracts, fixed-term contracts and part-time contracts by gender, age and professional category	Material	37-40	GRI 2- 7
Number of dismissals by gender, age and professional category	Material	37-40	GRI 401-1b)
Average remuneration and its development, according to gender, age and professional category or similar	Material	41-42	GRI 405- 2
Pay gap, remuneration of equal work posts or of company average	Material	42	GRI 405- 2
Average remuneration of directors and managers, including variable remuneration, allowances, compensations, payments to long-term saving and retirement plans and any other payment, distributed by gender	Material	41-42	GRI 405- 2
Implementation of policies for disconnecting from work	Material	46	GRI 3- 3
Number of employees with disability	Material	47	GRI 405- 1
Work organisation			
Organisation of working time	Material	44-46	GRI 3- 3
Number of hours of absenteeism	Material	49	GRI 3- 3

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
Measures designed to help conciliation between work and family life and encourage co-responsible use of the rights by both parents	Material	44-46	GRI 3- 3
Health and safety			
Workplace health and safety conditions	Material	49-51	GRI 3- 3 GRI 403- 1 GRI 403- 2 GRI 403- 3
Work accidents, in particular, its frequency and severity, as well as occupational diseases; itemised by gender	Material	49-51	GRI 403- 9 GRI 403- 10
Social relations			
Organization of social dialogue, including procedures of information, consultation and negotiation with employees	Material	25- 25. 46	GRI 3- 3 GRI 229
Percentage of employees covered by collective agreement, by country	Material	46	GRI 2- 30
Balance of collective agreements, particularly in the area of occupational health and safety	Material	46	GRI 403- 1 GRI 403- 4
Training			
Policies implemented in the area of training	Material	43-44	GRI 404- 2
Total number of hours of training by professional category	Material	44	GRI 404- 1
Universal accessibility			
Universal accessibility for persons with disabilities	Material	47	GRI 3- 3
Equality			
Measures adopted in order to promote equal treatment and equal opportunities for women and men	Material	46-47	GRI 3- 3
Equality plans, measures taken to promote employment, protocols against sexual and gender harassment	Material	46-47	GRI 3- 3
Policy against any type of discrimination and, if applicable, diversity management	Material	46-47	GRI 3- 3 GRI 406- 1
RESPECT FOR HUMAN RIGHTS			

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	57-58	GRI 3- 3
Application of due diligence procedures			
Application of due diligence procedures in the areas of human rights and prevention of the risk of human rights violation and, if applicable, measures to mitigate, manage and repair possible infringements committed	Material	57-58	GRI 2- 23 GRI 2- 26
Complaints about cases of human rights violation	Material	57-58	GRI 3- 3 GRI 406- 1
Measures implemented for the purpose of promotion and compliance with the provision of the ILO fundamental conventions related to the freedom of association and the right to collective bargaining, elimination of discrimination in employment and occupation, abolition of forced labour, and effective abolition of child labour	Material	57	GRI 3- 3 GRI 407- 1 GRI 408- 1 GRI 409- 1
FIGHT AGAINST CORRUPTION AND BRIBERY			
Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	56-57	GRI 3- 3
Measures adopted to prevent corruption and bribery	Material	56-57	GRI 3- 3 GRI 2- 23 GRI 2- 26 GRI 205- 2 GRI 205- 3
Measures designed to fight money laundering	Material	56-57	GRI 3- 3 GRI 2- 23 GRI 2- 26 GRI 205- 2 GRI 205- 3
Contributions to foundations and non-for-profit entities	Material	51-52	GRI 201- 1 GRI 2- 28
INFORMATION ON THE COMPANY			

TABLE OF CONTENTS REQUIRED BY LAW 11/2018			
Information required	Materiality	Page of the report where the item is addressed	Selected GRI
Management approach: description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	61-62	GRI 3- 3
Company commitment to sustainable development			
The impact of the company's activity on local employment and development	Material	13-25	GRI 3- 3 GRI 203- 2 GRI 204- 1
The impact of the company's activity on local communities and areas	Material	13-25	GRI 3- 3 GRI 413- 1 GRI 413- 2
Relations and modalities of dialogue with members of local communities	Material	25-27	GRI 2- 29
Association or patronage activities	Material	51-52	GRI 3- 3 GRI 201- 1 GRI 228
Subcontracting and suppliers			
Including social, gender equality and environmental issues in the procurement policy	Material	61-62	GRI 3- 3
Recognising own social and environmental responsibility in relations with suppliers and subcontractors	Material	61-62	GRI 2- 6 GRI 308- 1 GRI 414- 1
Supervision and audit systems and their results	Material	53-60	GRI 2- 6 GRI 308- 2 GRI 414- 2
Consumers			
Measures for the consumer health and safety	Material	25-26	GRI 3- 3
Complaint systems, complaints received and resolved	Material	25-26, 62-63	GRI 3- 3 GRI 418- 1
Tax information			
Profit obtained country by country	Material	65	GRI 207- 4
Income tax paid	Material	65	GRI 207- 4
Public subsidies received	Material	65	GRI 201- 4

APPENDIX II TAXONOMY CALCULATION METHODOLOGY

For the purpose of analysis, all the companies belonging to the **Audax Renovables Group** were taken into account, the same scope as the one used in this report.

Audax Renovables has two main business lines, which comprise practically the entirety of the economic activity of the **Group** - the line of electricity Generation and the line of natural gas and electricity Retailing. The latter was not considered adjusted to the classification criteria of the EU Taxonomy.

Calculation methodology

After identifying the eligible economic activities, calculations began for individual Taxonomy indicators based on the financial and business results for the year 2022. The calculations were carried out with the following methodology and considerations:

Turnover:

In the **Group's** integrated business model the activities of energy generation and retailing are aligned in order to complement the retailed energy with the generated energy. In the calculations of these indicators were eliminated those balances which being carried out between the **Group's** companies do not constitute the entirety of the turnover.

For calculating the turnover proportion was considered the net sales volume of each of the **Group's** companies involved in generating energy, whether from wind or photovoltaic sources, and to each of these eligible activities the sum was assigned in the numerator. For the denominator the figure of total turnover of the **Group** was used.

The indicator of % Turnover was calculated considering the percentage of turnover eligible by taxonomy:

$$\frac{\text{Turnover associated with Generation of renewable energy}}{\text{Net turnover}} = \mathbf{1\ \%}$$

CAPEX:

The investments in fixed assets for the group's activity of renewable energy generation represent practically the entirety of the yearly investments aligned with the **Group's** medium- and long-term goals, focused on the generation of renewable energy through the construction and operation of wind farms and solar power plants. These are completed and active projects, as well as commenced projects and projects under construction distributed across six different countries.

The CAPEX percentage indicator has been calculated considering the annual investment made in projects of photovoltaic and wind energy generation. For the purpose of itemisation, of each Company of the **Group** involved in the activity of energy generation, their recognitions of fixed and intangible assets were considered, whether originating from their investments in the generation plants or from business combinations, which adjust to the taxonomy. After identifying the recognitions, not including amortisation and depreciation charges, appropriate consolidation adjustments were added, because it regarded the recognitions of CAPEX of **Audax Renovables** as head of the Group. The

denominator is comprised of all the recognitions in CAPEX without separating by company of the **Group** involved in the activity of energy generation, the result being that 52% of the recognitions by CAPEX are taxonomy-aligned.

$$\frac{\text{CAPEX 2022 associated with the Generation of renewable energy}}{\text{CAPEX Total Recognitions 2022}} = \mathbf{66\ \%}$$

OPEX:

The operating expenses for the companies involved exclusively in the construction of power plants and generation and retail of renewable energy, are given in their majority by staff costs. Given that this staff works for all the **Group**, a monthly assignment of working hours is carried out for the projects on the generating companies and on the retailing companies. Thus the Human Resources Department verifies and assigns percentages to each employee and then the Accounting Department can allocate the costs correctly. In order to assign the numerator figures in this case there is the established criterion mentioned before, which we understand is the most appropriate to assign in a very detailed way the most representative cost, the staff cost.

The OPEX indicator (%) has been calculated considering the total amount of operating expenses of the energy Generation activity in relation with the total sum of operating expenses of the activity of all the companies of **Audax Renovables**. For the calculation of the numerator in particular the staff costs were taken into account, which were assigned totally or partially to the companies of the **Group** whose activity is the energy generation, and other operating expenses among which there are services and consultancy of third parties, lease agreements, maintenance and repairs of the plants constructed and under construction.

$$\frac{\text{OPEX 2022 associated with the Generation of renewable energy}}{\text{OPEX Total Group 2022}} = \mathbf{5\ \%}$$

The details of the three key indicators, whose numerators imply the economic activity of wind and solar energy generation from renewable sources, comply with the criteria specified in article 3 of the R852, because of contributing in a substantial and explicit way to the environmental goals of climate change mitigation and adaptation through the generation of green energy. In order to use inexhaustible natural resources, such as wind, and solar light, through the investments mentioned before, it is possible to generate totally clean energy without producing greenhouse gas emissions or polluting emissions, and therefore without contributing negatively to the climate change.

The numerators and denominators recently analysed are derived from the accounting of companies with particular objects, whether generation or retail of energy, and thus it is possible to obtain figures already itemised and processed for each company and, consequently, for each activity. Additionally to the consolidation process, in which the figures of all the companies belonging to the **Group** are reflected without considering the transactions between them, the net figures are obtained by activity adjusted to the European taxonomy and can be divided according to the three key indicators described above. Thus it is possible to avoid the risk of accounting twice for the same figures, based on the fact that they are assigned to different companies and the consolidation process of financial statements is externally reviewed, and to obtain the figures which are divided according to the activity and adjusted to the taxonomy.

APPENDIX III: TAXONOMY REPORT TABLES (TURNOVER, CAPEX AND OPEX)

Proportion of turnover (NC) derived from products and services associated to the activities aligned with the taxonomy. Year 2022

				Substantial contribution criterion						DNSH Criteria (No significant harm)										
Economic activity (1)	**Code(s) (2)**	**Absolute turnover (3)** Currency	**Percentage of turnover(4)** %	**Climate change mitigation (5)** %	**Adaptation to climate change (6)** %	**Sustainable use and protection of water and marine resources (7)** %	**Transition to a circular economy (8)** %	**Pollution prevention and control (9)** %	**Protection and restoration of biodiversity and ecosystems (10)** %	**Mitigation of climate change (11)** S/N	**Adaptation to climate change (12)** S/N	**Protection and restoration of biodiversity and ecosystems (13)** S/N	**Transition to a circular economy (14)** S/N	**Protection and restoration of biodiversity and ecosystems (15)** S/N	**Protection and restoration of biodiversity and ecosystems (16)** S/N	**Minimum safeguards (17)** S/N	**Proportion of NCs aligned with taxonomy, year N (18)** Percentage	**Proportion of NCs aligned with taxonomy, year N-1 (19)** Percentage	**Category (Enabling activity) (20)** F	**Category (Transition activity) (21)** T
ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Aligned to taxonomy)																				
Activity 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Activity 2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turnover from environmentally sustainable activities (aligned to taxonomy) (A.1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
Electricity generation from PV solar energy	4.1	6.558.964	0,25%																	
Electricity generation from wind energy	4.3	20.802.036	0,79%																	
Turnover from eligible but not environmentally sustainable activities (non-aligned activities)(A.2)		27.361.000	1,04%																	
Total (A.1 + A.2)		**27.361.000**	**1,04%**														**%**	**%**		
B. NON-ELIGIBLE ACTIVITIES																				
Turnover Non-eligible activities (B)		2.598.532.000	98,96%																	
Total (A + B)		**2.625.893.000**	**100,00%**																	

Table 23: *Proportion of turnover (CN) derived from products and services associated to the activities aligned with taxonomy. Year 2022*

Proportion of CAPEX derived from products and services associated with activities aligned with the taxonomy. Year 2022

				Substantial contribution criterion						DNSH Criteria (No significant harm)										
Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Percentage of turnover(4)	Climate change mitigation (5)	Adaptation to climate change (6)	Sustainable use and protection of water and marine resources (7)	Transition to a circular economy (8)	Pollution prevention and control (9)	Protection and restoration of biodiversity and ecosystems (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Protection and restoration of biodiversity and ecosystems (13)	Transition to a circular economy (14)	Protection and restoration of biodiversity and ecosystems (15)	Protection and restoration of biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of NCs aligned with taxonomy, year N (18)	Proportion of NCs aligned with taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (Transition activity) (21)
		Currency	%	%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N	S/N	Percentage	Percentage	F	T
A. ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Aligned to taxonomy)																				
Activity 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Activity 2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turnover from environmentally sustainable activities (aligned to taxonomy) (A.1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
Electricity generation from PV solar energy	4.1	31.173.049	66,36%																	
Electricity generation from wind energy	4.3	-	0,00%																	
Turnover from eligible but not environmentally sustainable activities (non-aligned activities)(A.2)		**31.173.049**	**66,36%**																	
Total (A.1 + A.2)		**31.173.049**	**66,36%**														**%**	**%**		
B. NON-ELIGIBLE ACTIVITIES																				
Turnover Non-eligible activities (B)		15.803.951	33,64%																	
Total (A + B)		**46.977.000**	**100,00%**																	

Table 24: *Proportion of CAPEX derived from products and services associated to the activities aligned with taxonomy. Year 2022*

Proportion of OPEX derived from products and services associated with activities aligned with the taxonomy. Year 2022

				Substantial contribution criterion						DNSH Criteria (No significant harm)										
Economic activity (1)	**Code(s) (2)**	**Absolute turnover (3)** Currency	**Percentage of turnover(4)** %	**Climate change mitigation (5)** %	**Adaptation to climate change (6)** %	**Sustainable use and protection of water and marine resources (7)** %	**Transition to a circular economy (8)** %	**Pollution prevention and control (9)** %	**Protection and restoration of biodiversity and ecosystems (10)** %	**Mitigation of climate change (11)** S/N	**Adaptation to climate change (12)** S/N	**Protection and restoration of biodiversity and ecosystems (13)** S/N	**Transition to a circular economy (14)** S/N	**Protection and restoration of biodiversity and ecosystems (15)** S/N	**Protection and restoration of biodiversity and ecosystems (16)** S/N	**Minimum safeguards (17)** S/N	**Proportion of NCs aligned with taxonomy, year N (18)** Percentage	**Proportion of NCs aligned with taxonomy, year N-1 (19)** Percentage	**Category (Enabling activity) (20)** F	**Category (Transition activity) (21)** T
A. ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Aligned to taxonomy)																				
Activity 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Activity 2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Turnover from environmentally sustainable activities (aligned to taxonomy) (A.1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Eligible but not environmentally sustainable activities (non-aligned activities)																				
Electricity generation from PV solar energy	4.1	308.508	0,34%																	
Electricity generation from wind energy	4.3	4.539.686	5,02%																	
Turnover from eligible but not environmentally sustainable activities (non-aligned activities)(A.2)		**4.848.194**	**5,36%**																	
Total (A.1 + A.2)		**4.848.194**	**5,36%**														**%**	**%**		
B. NON-ELIGIBLE ACTIVITIES																				
Turnover Non-eligible activities (B)		85.586.806	**94,64%**																	
Total (A + B)		90.435.000	**100,00%**																	

Table 25: *Proportion of OPEX derived from products and services associated to the activities aligned with taxonomy. Year 2022*

13. Corporate Governance Annual Report

The Annual Report on Corporate Governance shall be presented on the CNMV website.

14. Annual Report on the Remuneration of Directors

The Annual Report on Remuneration of Directors shall be presented on the CNMV website.

AUDAX RENOVABLES, S.A.

The Annual Financial Report of Audax Renovables, S.A. and Subsidiaries for the year 2022 comprising:

- Consolidated annual accounts - Consolidated balance sheet, Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in net equity, Consolidated statement of cash flows and Consolidated notes to the annual accounts

- Consolidated Directors' Report (which includes the Non-financial information statement)

Prepared according to the European Single Electronic Reporting Format in compliance with Commission Delegated Regulation (EU) No 2019/815, under identification number 31A1D61067138E02A4FFA436A80EE7CB4DD44907CF858CB8A214934976B7F5E4 (*), was drawn up by the Board of Directors of Audax Renovables, S.A. in its meeting on 23 February 2023. Approved and signed below by all the Directors, in compliance with article 253 of the Spanish Companies Act.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro
Chairman

Mr Eduard Romeu Barceló
Member

Mr Josep María Echarri i Torres
Member

Mr Ramiro Martínez-Pardo del Valle
Member

Ms Anabel López Porta
Member

Ms Rosa González Sans
Member

(*) Identification number hash sha256crypt of the ZIP file containing 9 files with the following identification numbers hash
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